

OVERSIGHT OF VERNON MANOR AND MORNING STAR MANAGEMENT

HEARING BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE ONE HUNDRED FIRST CONGRESS SECOND SESSION SPECIAL HEARING

Printed for the use of the Committee on Appropriations



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1991

28-073

5181-28

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U.S. Government Printing Office, Washington, DC 20402

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OVERSIGHT OF VERNON MANOR AND MORNING STAR MANAGEMENT

THURSDAY, MARCH 15, 1990

U.S. SENATE,
SUBCOMMITTEE ON VETERANS AFFAIRS, HOUSING AND
URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES,
COMMITTEE ON APPROPRIATIONS,
Tulsa, OK.

The subcommittee met at 9 a.m., in the gym of the YMCA, 1102 E. Pine Street, Tulsa, OK, Hon. Don Nickles presiding.

Present: Senator Nickles.

NONDEPARTMENTAL WITNESSES

OPENING REMARKS OF SENATOR NICKLES

Senator NICKLES. I want to thank you all for coming to the hearing this morning. This morning's hearing is conducted by myself on behalf of the Subcommittee on VA, HUD, and Independent Agency Appropriations in the Senate. It is a hearing on the oversight of Vernon Manor and Morning Star complexes in Tulsa, OK.

I might give just a little bit of my personal involvement in these two housing projects. I became concerned, as I am sure all Oklahomans and all Americans have, about the drug problems that we have had in our State and in our country, and so I toured these two complexes, because they were mentioned some time ago as being areas that had very significant, very severe drug problems.

I toured these complexes on my own. I toured them with Tulsa police. I have toured them with my staff. I have toured them on weekends when nobody knew I was around, just driving through the units. I have done this several times over the past probably 1½ years.

I was very concerned with what I saw. I have seen units—and, again, these two units—and these are the two units that we are going to be focusing on today, but I have seen the same thing in Washington, DC. I have seen the same thing in housing units in other places across the country where the Federal Government has been involved very heavily in housing projects, section 8 projects in many cases, and in my opinion, the projects were not satisfactory.

My first opinion when I toured these two complexes was that they were in terrible condition and that the Federal Government was spending millions of dollars and certainly not getting its money's worth, and the tenants were living in conditions that were

deplorable, and they needed to be improved. Taxpayers needed to get a better deal.

There is no reason, in my opinion, to spend millions of dollars for units that were in that poor of condition. There is no reason for tenants to be subsidized to the tune of \$434 per month for a three-bedroom apartment that, in some cases, didn't even have a door, if I remember. Over 1 year ago, some of them didn't have doors; some of them didn't have windows. Some of them had leaky plumbing if plumbing at all or running water. They had leaky roofs. They had tiles that were up. They had—they were just deplorable conditions.

They were in terrible condition, and yet Uncle Sam was writing checks like there was no problem, and that bothered me. It bothered me as a taxpayer; it bothered me, too, for the tenants. I remember walking in, unannounced, on a couple of these units, and I met a couple of, in both cases I am thinking of, young mothers, two or three kids, kids living in very terrible conditions, in my opinion, and conditions that were certainly not conducive to bright future, I guess.

They were growing up in conditions surrounded by drugs and surrounded by filth and surrounded by crime. So I have several concerns, I guess. One is for the tenants and for not just the tenants, but really the children of the tenants. I guess that would be my biggest concern.

My second concern and very important concern is what is Uncle Sam doing? What is our Federal Government doing? Why have we been pouring millions of dollars into these units and getting this kind of result? It is totally unsatisfactory, and I want to make a change.

I remember when I toured those facilities 1½ years ago, I said, we are going to do something different. I didn't know that much about it. I had only been on this subcommittee—I happened to be on the subcommittee on housing in the Senate that appropriates money for housing, and I have seen, again, units like this in other parts of the country so it is not isolated for Tulsa alone.

So my—one of the reasons why we are having this hearing: it is a hearing. I will share this with my colleagues, Senator Mikulski from Maryland, who I think shares my concerns over condition of public housing in America. I know she does, and I know that she has an interest in cleaning up this type of problem that exists in Washington, DC, and in Baltimore and in California and in other cities across the country.

We are going to clean this up; we are going to clean it up for the tenants, and we are going to clean it up for the taxpayers, so it needs to be done. We are in a situation, hopefully, where we can make some improvements. We do appropriate the money. In my opinion, Congress has not been very good at the oversight. We do have oversight responsibility. Part of that responsibility is to see that taxpayers' money is well spent, and I don't think Congress has done a very good job over the last many years.

It hasn't done a very good job in relationship to these two units that we are discussing today, and it hasn't done a very good job with public housing in many, many areas across the country. That doesn't mean that all public housing has been a failure, because I

think in Tulsa we have many areas that are also a success, but we also have areas that have not been a success.

So we need to look at the programs that are successful and say, What are we doing right? We need to look at the programs that have made some serious mistakes and say, What have we done wrong? How can we make sure that we don't make that mistake again?

I notice in our homework on the issue that Senator Proxmire who was former chairman of the HUD subcommittee over 10 years ago asked for an inspector general report on Morning Star. This is an inspector general report that was done in March 28, 1980, and it reads like today: same problems, same situation. The units aren't being taken care of; tenants are living in terrible conditions. So we have been doing this now for 10 years.

I don't want to come back here in the year 2000 and find the problems are still here. I don't want to come back here 10 years from now and find that Uncle Sam has continued to pour millions of dollars into these units and find tenants living in these kinds of deplorable conditions. So that is what this hearing is about.

This hearing is not really looking to focus so much on blame, but I am interested in what have we been doing wrong, what are we doing right, what can we do to improve the situation for the future, both for the tenants and the taxpayers. I think those are mutually beneficial. I think we can do things that will be beneficial for the tenants and the taxpayers.

Frankly, the taxpayer has been losing and the tenants have been losing. It has been a lose-lose situation for the past many, many years. Taxpayers are losing millions. The tenants are losing, because they are living in those kinds of conditions. We need to change that. We need to make it much better for the tenants and we need to make it much better for the taxpayers.

We have a very significant and very serious budget problem that we are dealing with in this country, and it bothers me to see millions of dollars wasted. When we look at these two units, we are looking at the Federal Government putting in over the last couple of years about \$1.5 million a year if you add the two units together.

If you look at those units, you say, wait a minute; if Uncle Sam is putting in \$1.5 million to subsidize those units, where is the money going, because it has not been going into those units. Those units are in terrible condition. Where has the money been used?

We have been trying to make some changes. Some changes have been made. As everyone is well aware, HUD has taken over management of the units or at least contracted out the management. We have changed that. We have ceased making the section 8 subsidy, so we are not just pouring money, in my opinion, down the drain to an absentee ownership group that has not been putting the money back in, that has not been, in my opinion, providing the quality of housing that they should have been in light of the subsidy payments they were receiving.

So today we have a variety of witnesses who have been working on this project, who maybe will share some insight. Again, I am interested in not so much formal presentations. I am interested in each of our panelists, if they would, just share with me their thoughts on what we have done right, what we have done wrong,

how can we make sure that we don't make the mistakes in the future, and how can we make it better in the future. That is my real concern.

Then if you have some ideas that we should be working with on the Federal level on how we can make sure that it doesn't happen, not just in Tulsa but also in Oklahoma City, also in Ponca City, and in Lawton and in Altus—we have got housing projects and problems in many, many areas of Oklahoma, and certainly we have major problems in some of the major cities.

This is my interest in trying to see if we can't make some improvements. There are several things I have an idea on. I would like to maybe share that with some of the panelists and see what their thoughts are.

STATEMENT OF SENATOR NICKLES

I have an opening statement which I will insert for the record on my behalf.

[The statement follows:]

STATEMENT OF SENATOR DON NICKLES

Good morning. Over a year ago, I first toured two housing complexes in Tulsa which receive so-called section 8 subsidies from the Department of Housing and Urban Development (HUD). This exterior inspection revealed to my dismay, that these two properties, Morning Star and Vernon Manor, were not meeting HUD's housing quality standards. Despite this, HUD figures show that millions of dollars have been spent on these two properties.

I have returned to Morning Star and Vernon Manor several times over the last year. The properties have improved somewhat but obvious problems remain. Today, through this hearing, I plan to track the moneys that have been spent in Tulsa on these properties and to attempt to find out how the complexes got into the shape they were in when I visited there last year. More importantly, the whole question of how to improve living conditions for those at these two complexes will be explored.

The witnesses today include representatives from HUD, representatives of the tenants of these two complexes, the current property manager, and the Tulsa police. No former owners or property managers have been called as we plan to focus on current conditions. If today's proceedings indicate that oversight of former ownership and management might be in order, those hearings will, most likely, occur back in Washington, DC, at a later date.

Today's focus will be on how these two properties deteriorated into their present condition with a view toward improving those conditions and assuring that the same factors are not leading to similar conditions nationwide.

STATEMENT OF GERMAINE JOHNSTON, CHIEF OF LOAN MANAGEMENT, OKLAHOMA CITY OFFICE, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Senator NICKLES. Our first panel that we have, we have Roy Gardner, who is now manager of the HUD Tulsa office in region 6 in Tulsa, and also Germaine Johnston who is chief of the loan management branch, HUD, in Oklahoma City, if they would please come up.

I noticed all of our panelists have written statements, and we will submit all of your statements into the record in its entirety. You can read the statements if they are short. If not, if you would just more or less make an opening remark or remarks, that would be appreciated as well.

Who cares to be first? Germaine, would you like to be first?

Ms. JOHNSTON. Yes, sir.

Ms. JOHNSTON. Good morning, Senator Nickles, ladies and gentlemen. My name is Germaine Johnston, and I am the chief of loan management for the Oklahoma City HUD office.

Senator NICKLES. Let me see if we can get you some more volume here.

Ms. JOHNSTON. I will start over then.

Good morning, Senator Nickles and ladies and gentlemen. My name is Germaine Johnston, and I am the chief of loan management in the Oklahoma City HUD office. I have held this position since June 1988, and prior to that time——

Senator NICKLES. Can you speak right into it, because I can tell, some people behind you can't hear.

Ms. JOHNSTON. OK. Prior to that time, I was the manager——

Senator NICKLES. You are still going to have to speak pretty loud if you can. They can't quite hear you back there.

Ms. JOHNSTON. OK. Prior to June 1988, I was the manager of oil, gas, and real estate operations for First Interstate Bank of Oklahoma in the trust department. The Oklahoma City HUD office has jurisdiction over the western two-thirds of Oklahoma, that is the western [inaudible], for both single-family and multifamily housing.

The single-family section has three functions: assignment, review, and processing; servicing Secretary-held mortgages, and insured servicing in the form of mortgagee reviews. The Oklahoma City HUD office presently holds and services approximately 800 mortgages, and there are approximately 74,000 insured loans in our jurisdiction. The single-family section has 11 employees.

The multifamily section had 14 employees until January 1990 when the responsibility for multifamily functions in the eastern one-third of the State was assigned to the Tulsa office. We now have 10 in multifamily in the Oklahoma City office. This was in keeping with jurisdictional changes that had previously occurred in other parts of region 6. Three servicers and a clerk who were previously out-stationed in Tulsa were reassigned to the Tulsa office.

The Oklahoma City HUD office now has the responsibility for 172 multifamily complexes, totaling approximately 15,000 units. The Tulsa HUD office now has responsibility for 124 multifamily complexes, totaling approximately 11,500 units. The outstanding mortgage balance for all of the Oklahoma properties combined is approximately \$450 million.

Approximately one-half of the multifamily properties receive section 8 rental subsidy. The total contract authority for the section 8 subsidies is about \$42 million a year. Multifamily, like single-family, has responsibility for both HUD-held and insured loans, and in addition, monitors section 202 direct loans for elderly and handicapped housing.

The subject matter of this hearing is Vernon Manor and Morning Star apartments. Both are privately owned and receive 100 percent section 8 subsidies. The mortgages for both of these properties were transferred to the Secretary of HUD in 1978 because the owners were in default on their mortgage payments.

HUD's role is twofold. One is to inspect and monitor the property, to insure that the collateral for the debt retains its value through property management and physical maintenance as required in the regulatory agreement and the mortgage; and, two, to

monitor occupancy procedures to assure compliance with section 8 requirements.

We have prepared a fact sheet for Morning Star and Vernon Manor, and I would like to read some of the pertinent details to you. Morning Star has a total of 200 units; Vernon Manor has a total 196. As I said, both are 100 percent section 8 subsidized.

The original mortgage for Morning Star was \$2,130,900, and it was endorsed in April 1970. The original mortgage for Vernon Manor was \$2,037,300 which was endorsed in September 1969. The same mortgages are still in place, and the current outstanding principal for Morning Star is \$2,001,650, and it has a current total delinquency of \$1,416,517. No payments have been made on the principal balance of the Morning Star mortgage since 1978.

Senator NICKLES. No payment has been—

Ms. JOHNSTON. No payment has been made on the principal. There have been small interest payments, and there have been escrow payments, taxes and insurance, and service charge payments, but no payment has been applied to the principal since 1978.

Senator NICKLES. 1978?

Ms. JOHNSTON. Yes, sir; the original mortgage on Vernon Manor was \$2,037,300. Current outstanding principal is \$1,618,877, with a total delinquency at this time of \$462,834.

The present rental structure for Morning Star is—we are talking about gross rent here now, contract rent, plus utility allowance. For one bedroom, it is \$412; for a two-bedroom, it is \$423; for a three-bedroom, it is \$468; and for a four-bedroom, it is \$495. For Vernon Manor, the one-bedroom is \$361; the two-bedroom is \$402; the three-bedroom is \$468; and the four-bedroom is \$527.

So far, section 8 money that has been expended—this is rental subsidy—for Morning Star since the initial contract which was in 1970, it has been \$2,814,264, and for Vernon Manor, \$3,632,392.

Senator NICKLES. What do those figures mean?

Ms. JOHNSTON. That is the total amount of rental subsidy that has been paid into these two projects since they were built.

Senator NICKLES. Is that right? Since 1969 and 1970?

Ms. JOHNSTON. Yes, sir.

Senator NICKLES. So \$2.8 million and \$3.6 million?

Ms. JOHNSTON. Yes, sir; they have been under numerous work-out agreements since inception. At the time of the purchase by the present owner, both of the projects were in poor condition, and work-out agreements were entered into under terms of a master agreement whereby the new owners contributed \$500,000 to Morning Star and \$300,000 to Vernon Manor, and then the work was to begin to bring the properties back into compliance with housing quality standards.

We have also compared expenses between Morning Star and Vernon Manor and two other projects in Tulsa. The following are comparisons of several expense items between Morning Star Village, Vernon Manor, Riverview Village, and West Oak Village. All are in Tulsa; all four have 100 percent section 8 rental assistance and are 200 units, with the exception that Vernon Manor is only 196 units. The differences in the expenses are attributable to management techniques and procedures.

First of all, comparison of the utilities paid by projects for water and gas only, because electricity is paid by tenants. For 1988, Vernon Manor, a total \$104,031 was spent on water and gas; at Morning Star, \$99,888 was spent. At Riverview Village, \$47,899 was spent, and at West Oak, \$61,350. As a subscript to that, West Oak Village has a pool which is maintained out of that, and also both Riverview and West Oak have lawns that are watered regularly.

We think that the difference in utility costs is accountable by unrepaired leaks that waste water and gas, and particularly in the area of gas. If a unit is not well maintained, say the thermostat doesn't work, the tenants will take the thermostat off and wire the two wires together, let the gas run—let heat run all the time. Then if it gets too hot, they just go open windows to cool it off, and so that uses a lot of gas. It wastes a lot of gas.

Senator NICKLES. Is that still happening today?

Ms. JOHNSTON. No; it isn't happening today, but that was the difference in the utilities in 1988.

Senator NICKLES. Is there some music or something I keep hearing?

VOICE. Feedback through the intercom system or the PA system.

Senator NICKLES. Oh, OK.

Ms. JOHNSTON. Administrative expenses are another measure that we can compare between these four projects. For Vernon Manor for 1988, the administrative expenses were \$145,281, and for Morning Star, \$199,253. Riverview at the same time spent \$106,415, and West Oak, \$133,364.

The last item I would like to mention is bad debts, and incidentally, all of these figures come from annual audited financial statements that are given to us by the project owners.

Vernon Manor reported bad debts in 1988 of \$8,784; Morning Star reported bad debts of \$50,373; Riverview reported \$687, and West Oak reported \$4,128. Bad debts are the tenant portion of the rent. Section 8 rental subsidy pays part of the rent, usually about 70 percent to 90 percent, and then the tenant, depending on his or her income, pays the rest.

When they have bad debts like this, this means that rent is not being collected from the tenants, and it indicates poor management practices from the standpoint that they aren't collecting the tenants' rent and also from the tenant selection aspect of it, that they are not screening tenants before they let them in.

The last comparison I would like to make is the comparison of gross potential. The gross potential is the total rent that could be collected if all of the units were occupied and all of the subsidy were being collected. At Vernon Manor, the gross potential for 1988 was \$920,960. At Morning Star, it was \$995,488. Riverview's gross potential was \$544,992, and West Oak's was \$546,628.

The reason the gross potentials are so different is that the rental structures at both Riverview and West Oak are much lower than they are at Morning Star and Vernon Manor, and for Riverview, the one-bedroom is \$228; the two-bedroom is \$254; the three-bedroom is \$289; and a four-bedroom is \$320. For West Oak, the one-bedroom is \$249; the two-bedroom is \$284; the three-bedroom is \$371; and there are no four-bedroom units there.

Senator NICKLES. So the rents at Riverview and West Oak are about——

Ms. JOHNSTON. They are about 40 percent lower, an average of 40 percent lower.

Senator NICKLES. But comparable in size?

Ms. JOHNSTON. Yes.

Senator NICKLES. Comparable in quality or——

Ms. JOHNSTON. Yes.

Senator NICKLES. Are they in better shape in Riverview than they are——

Ms. JOHNSTON. Yes, they are.

Senator NICKLES. So probably qualitywise, they are better apartments?

Ms. JOHNSTON. Yes; they are better apartments. They have grass, and they are almost full. They have—I am not sure exactly—probably 95 occupancy.

Senator NICKLES. So they are better apartments, and they cost the Government a whole lot less money.

Ms. JOHNSTON. That is right, because they are being better managed.

That is all I have to say in the prepared statement. So do you have other questions for me?

Senator NICKLES. I do, but why don't we hear from Mr. Gardner first, and then I will kind of ask questions of both of you, if that would be OK.

STATEMENT OF ROBERT H. GARDNER, MANAGER, TULSA OFFICE, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. GARDNER. Thank you, Senator. Can everybody hear me all right?

Senator NICKLES. We can hear you.

Mr. GARDNER. I am celebrating my birthday on your hearing, Senator. I appreciate you setting this up for that occasion.

Senator NICKLES. Well, happy birthday.

Mr. GARDNER. Thank you.

On January 22, 1990, Vernon Manor and Morning Star were transferred to the Tulsa office. I immediately went on an inspection tour with Mr. Ralph Jones. I found the properties to be in a state of disrepair. However, they were secure and in better shape than when the previous managers had them.

The State health department was working with us on a day-by-day basis to make temporary repairs, to allow existing tenants to stay in their units. Our office has made the determination that the complexes did not meet section 8 housing quality standards, and we had the authority to allow major repairs for the preservation of the properties, to restore safe, decent, and sanitary conditions.

Senator NICKLES. You need to move the microphone——

Mr. GARDNER. A little farther back?

Senator NICKLES. Yes.

Mr. GARDNER. OK. That is the way it is with the Government. It is either too little or too much. [Laughter.]

The Ralph Jones Co. immediately went to work to prepare a management plan. I was insistent that we receive tenant input, and at this time, we now have a plan for Vernon Manor with

tenant approval and approval from the Tulsa office. The Morning Star plan is presently being reviewed by the tenant association, and we expect to go forward by the end of this week.

Probably the biggest problem at the moment are the roofs. We are in the process of going out for competitive bidding and should be in a position to award a roofing contract by April 2. Wherever it is possible, we will start renovating apartments immediately. People consideration is just as important as the property consideration. The management plan addresses this issue.

It has taken many years of disrepair and improper maintenance to get to this point. During this timeframe, a climate of pessimism, despair, and mistrust has, justifiably, flourished, and it is understandable that this current effort is being viewed with suspicion. I am dedicated to the task of turning this project around in 6 months and have pledged all my time and energies to this end.

When it was contemplated that multifamily servicing was being transferred to the Tulsa office from Oklahoma City, I asked that Vernon Manor and Morning Star be included in that transfer and that these two projects be transferred, giving me the authority to choose new management and new security. This was finally arranged on February 23. I immediately gave an emergency contract to a local management firm, the Ralph Jones Co., and entered into a security contract with the Tulsa Police Department.

A contract has been awarded to fencing companies through the old management company, and they are now in the process of being completed. The contract with the Tulsa Police Department has been awarded, and I feel that they have complete control of security on these complexes.

My concerns go far beyond the obvious need. The Ralph Jones Co. has pledged their support of a program that will provide tenants with management skills and on-the-job training so there can be a greater involvement by the tenant association. I am also dedicated to a program of eventual tenant ownership. With the right tools from central office, it is entirely possible to create a cooperative.

Secretary Kemp has developed new dimensions in subsidized housing which has allowed us to think about possibilities that, heretofore, were unheard of. The more we think, the more we realize that there is no one more qualified to create their own destiny than the tenants themselves.

When these properties are foreclosed and go on the market for sale and the tenants are allowed to utilize vouchers to retire a debt, who is to say that they would not qualify for ownership? If section 8 were restored, the total potential monthly income for both projects would be \$161,600. That in itself will pay for a lot of taxes, insurance, maintenance, management fees, and mortgage payments.

I think the stage is set; master plans are in place; and I am convinced that, with the cooperation of the Senator, the tenant association, the NAACP, Tulsa community action agency, community leaders, the management company and HUD, that we will complete our mission.

That is the end of my prepared statement. I would like to read into the record the copy and some language in a memorandum re-

ceived from Secretary Kemp that hasn't even been sent out to the offices yet, but I did get a preview of coming attractions.

Senator NICKLES. OK.

Mr. GARDNER. I would like to read a couple of paragraphs for you. These are the Secretary's words.

A new day has arrived in the Department. The inaction and misdirected housing priorities and policies of the past are now history. I am committed to taking whatever steps are deemed necessary to ensure that both the quality of housing and the quality of life for residents in our insured and assisted housing projects is upgraded to departmental standards.

The first step toward achieving this goal will be to undertake comprehensive program of inspection on these projects. These inspections will reflect the perspective of the residents and will focus on improvement of physical conditions, correcting management problems, and addressing serious social problems. Appropriate sanctions will be taken against the responsible parties owning or managing these projects who fail to make their obligation for providing decent, sanitary housing for the residents.

I am aware of the magnitude of this task and the challenge it presents to all of us. However, let me assure each of you that I view this effort as a top priority of the Department, demanding your ideas, energies, and personal commitments. Upgrading the quality of HUD-insured and assisted housing is an idea whose time has come—is long overdue.

Headquarters will provide appropriate support for the field in carrying out this important departmental initiative. This inspection program will provide immeasurable benefits to those who need our help the most: the families, senior citizens, and handicapped individuals who reside in these projects. Your support and commitment to this vital effort is essential to its success.

That was sent to each office in the country, and I think I have echoed the effort that we are going to put forth in Tulsa, OK.

[The statement follows:]

STATEMENT OF ROBERT H. GARDNER

On January 22, 1990, Vernon Manor and Morning Star were transferred to Tulsa. I immediately went on an inspection tour with Mr. Ralph Jones. I found the properties to be in a deplorable condition. The majority of the apartments were uninhabitable, many were boarded up. The State Health Department was working with us on a day-to-day basis to make any temporary repairs to allow existing tenants to stay in their units. Our office made the determination that the complexes did not meet Section 8 housing quality standards, and we had the authority to allow major repairs for the preservation of the properties to restore safe, decent and sanitary conditions.

The Ralph Jones Company immediately went to work to prepare a management plan. I was insistent that we receive tenant input; and at this time, we now have a plan for Vernon Manor with tenant approval and approval from the Tulsa Office. The Morning Star plan is presently being reviewed by the Tenant Association, and we expect to go forward by the end of this week. Probably the biggest problem at the moment is the roofs. We are in the process of going out for competitive bidding and should be in a position to award a roofing contract by April 2. Whenever it is possible, we will start renovating apartments immediately.

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It has taken many years of disrepair and improper maintenance to get to this point. During this same time frame a climate of pessimism, despair and mistrust has, justifiably, flourished; and it is understandable that this current effort is being viewed with suspicion. I am dedicated to the task of turning this project around in six months and have pledged all my time and energies to this end.

When it was contemplated that Multifamily servicing was being transferred to the Tulsa Office from Oklahoma City, I asked that Vernon Manor and Morning Star be included in the transfer, and that these two projects be transferred giving me the authority to choose new management and new security.

This was finally arranged on February 23, 1990. I immediately gave an emergency contract to a local management firm, The Ralph Jones Company, and entered into a security contract with the Tulsa Police Department.

A contract had been awarded to fencing companies through the old management company and they are now in the process of being completed. The contract with the Tulsa Police Department has been awarded, and I feel that they have complete control of security on both complexes.

My concerns go beyond the obvious need. The Ralph Jones Company has pledged their support of a program that will provide tenants with management skills and on-the-job training so there can be greater involvement by the Tenant Association. I am also dedicated to a program of eventual tenant ownership. With the right tools from Central Office, it is entirely possible to create a cooperative.

Secretary Kemp has developed a new dimension in subsidized housing which has allowed us to think about possibilities that heretofore were unheard of. The more we think the more we realize that there is no one more qualified to create their own destiny than the tenants themselves.

When these properties are foreclosed and go on the market for sale and the tenants are allowed to utilize vouchers to retire a debt, who is to say they would not qualify for ownership. If Section 8 were restored, the total potential monthly income for both projects would be \$161,600. That will pay for a lot of taxes, insurance, maintenance, management fees and mortgage payments.

I think that the stage is set, master plans are in place; and I am convinced that, with the cooperation of the Tenant Association, NAACP, community leaders, the management company and HUD, that we will complete our mission.

Senator NICKLES. Mr. Gardner, thank you very much. I appreciate your statement; also the statement made by Secretary Kemp. Secretary Kemp has brought a certain new look at housing throughout the country. He has a lot of new ideas, innovative ideas. I have talked to him personally about these two units. I have talked to him about housing in other cities of ours. He has testified before our committee, Appropriations Committee that Senator Mikulski and myself and Senator Garn and Senator D'Amato are on, and I have talked to him about some of these very same problems that we have discussed, and I know he shares our desire to make some changes, and the Department of Housing, in my opinion, for many years didn't make enough changes. So they allowed too many mistakes just to continue.

Maybe a lot of times in government it is a lot easier to continue—well, that is just the way we have been doing it—than to make a significant reversal. I think Secretary Kemp has an ambitious agenda to really change housing, and I hope so. I think it needs to be changed. I think it needs to be shaken up. I think we need to look at new ideas.

You mentioned vouchers and different things. You mentioned inspections. How in the world could HUD have passed or allowed these units to—I started to say pass inspection. Did they inspect these—again, my first close look at these units, I guess, was a couple of years ago, 1½ years ago, something like that, and I was appalled. How in the world could HUD have allowed those payments to continue? Don't those units have to meet certain standards before section 8 payments would be made?

Ms. JOHNSTON. Yes; they do. They are supposed to meet housing quality standards before rental subsidy can be paid, but it is not quite that simple. They have mortgage, and they make their mortgage payment and we make our section 8 payments. It seems like if they quit making their mortgage payment and they quit keeping the property up, that we could just quit paying the section 8.

But it doesn't work quite that way, because we have tenants that are involved also. When we have a problem with an owner like this, we work with them and work with them and work with them,

and try to avoid suspending the section 8 or terminating the section 8 for the sake of the tenants.

That is what happened here. These projects have had physical and management problems ever since they were built. You said a few minutes ago that you had read the inspector general's report that was done in 1980, and you can see from that that it is all the same problems, all the same physical problems, the same tenant problems.

The thing about it is that it is all the same people that are still involved. They are different entities, but basically it is all the same people that were involved in 1980.

Senator NICKLES. Well, that doesn't solve the problem. I am bothered, and I guess I am pleased when I hear Secretary Kemp and Mr. Gardner talk about inspections and mandating that the units meet certain housing standards or the payments won't be made. I hope that that is—I hope I am not overinterpreting the Secretary's statement.

But, again, I am appalled if the Federal Government is going to pay \$400—what did you say?—\$468 a month for a three-bedroom apartment that is dilapidated in every sense of the word, when, my goodness, you can get a decent apartment in Tulsa, anywhere in Tulsa for one-half that or a lot less money, that is in good shape, and you have showed examples of that in a couple of other units.

I think we have to stop that very quickly, not 10 years after the fact or—and I am sure that if there was an inspector general report done in 1980, I am sure it had a problem in 1979 and 1978 that finally took a while to build up to that much of a problem so, yes, they finally asked Congress to get involved. But really nothing happened, in my opinion, over all those years.

Again, don't get me wrong. I fault Congress just as much as I fault HUD or anybody else. A lot of money was spent, but there were bad results, and you ended up having Uncle Sam paying \$468 a month for units that, you know, are not worth a darn. So I am bothered by it. I would hope that maybe the inspection program that you are talking about, Mr. Gardner, or something that would say basically, Hey, we are going to check these units, and if the units don't meet the standards, we are going to quit paying the subsidies. We are certainly going to quit paying them to absentee owners who are raking off the system.

Frankly, I think this is a case where exactly that is what has happened. I think millions of dollars have been spent and a very small percentage of it has gone back into the units. That doesn't mean the tenants are not without guilt; that doesn't mean the HUD administrators are not without guilt; it doesn't mean that Congress is without guilt. But a lot of money has been spent, a lot of checks have been written, but those units haven't been taken care of.

I am just looking at your figures, Ms. Johnston. You said for these two units, the total amount of section 8 moneys, \$2.8 million for Morning Star and \$3.6 million for Vernon Manor. That is a total of \$6.4 million have been spent on these units, but yet—of total Government subsidy payments that have been made, and yet they are still delinquent on original loan of \$2.1 million and Morning Star is delinquent \$1.4 million.

In other words, hardly any has been paid on the note, and this is a note that—correct me if I am wrong—was guaranteed by the Federal Government.

Ms. JOHNSTON. That is right.

Senator NICKLES. So——

Ms. JOHNSTON. It was insured, and as a matter of fact, when a loan is assigned to the Secretary, as these were in 1978, we pay the claim. We paid the mortgage companies the \$2.1 million and \$2 million on the other one, when it was assigned, and now we hold those mortgages. So in addition to the section 8, we have paid off those mortgages, and we have put flexible subsidy into each one of these projects.

Morning Star had \$522,120 in 1981 and Vernon Manor had \$744,418, and that was to correct the problems that you read about in the 1980 report.

Senator NICKLES. So we have a situation where the Government guaranteed the mortgages, the original mortgages, on these projects.

Ms. JOHNSTON. That is right.

Senator NICKLES. The original owners defaulted.

Ms. JOHNSTON. Yes.

Senator NICKLES. They were in arrears. They didn't make the payments, and so the Government had to pay off that guarantee. So at that time, the Government held the mortgage, and then we, what, sold these units to——

Ms. JOHNSTON. No; we didn't sell them. Even though we were holding the mortgage, we were not owners of the property. The properties were still owned by the nonprofit that owned them in the beginning, and they sold them to the entity that—well, actually it isn't the entity that owns them right now, but it is the same people, to Steven Moses and Partnership Investment Services and Western Housing Fund. I am not sure exactly. I don't have that report in front of me, and Housing Resources Management signed the management contract in 1978.

Senator NICKLES. Well, you need to take me through that just a little bit more.

Ms. JOHNSTON. Well, I am sorry. I don't have that report with me.

Senator NICKLES. Maybe you could supply that for the record, but I am interested in learning how many times the Federal Government is going to pay for these units.

Ms. JOHNSTON. That is a good question. I am sorry I can't answer it.

Senator NICKLES. Well, I think we do need to figure it out. I would like to see if we can't figure it out, because the Federal Government guaranteed the original mortgage, and we paid that off but didn't acquire the title. So the original nonprofit then sold it to some other group who used some kind of tax scheme to sell it, and so they had it, and then they end up getting a contract from the Federal Government that says you are going to subsidize us anywhere from the tune of \$1.5 million a year for these two units, up to \$2 million.

So we have already paid for it once, and now we signed contracts with a new group to pay them a couple million dollars, and they haven't made payments on that mortgage either.

Ms. JOHNSTON. That is right.

Senator NICKLES. Have we guaranteed this mortgage?

Ms. JOHNSTON. We hold that mortgage.

Senator NICKLES. So the Government is holding the mortgage, but—

Ms. JOHNSTON. The Government holds the mortgage.

Senator NICKLES [continuing]. We have been paying them \$1.5 million a year, and they haven't been making their mortgage payments to the Government.

Ms. JOHNSTON. Well, they have made some payments, but none of the payments have been big enough to actually retire the debt. They have paid some taxes and interest and some service charges. There have been several months when they didn't pay anything. They paid \$1. But nothing has been paid on the principal for Morning Star.

The Vernon Manor mortgage actually was current when we became mortgagee in possession, and the default was declared under the waste provisions of the mortgage, that is, the provisions that require them to keep it in decent, safe, and sanitary condition.

Senator NICKLES. The amount of delinquency in Morning Star is \$1.4 million now?

Ms. JOHNSTON. Yes; that is right.

Senator NICKLES. What is the amount of mortgage on that that the Government has? Is that \$2 million?

Ms. JOHNSTON. \$2 million, \$2,100,650.

Senator NICKLES. That says outstanding principal. Does that include the interest?

Ms. JOHNSTON. No; the principal is just the principal.

Senator NICKLES. Do you get interest payments on—

Ms. JOHNSTON. Yes; we are supposed to get—each month—it is just like a house payment. You are supposed to get part of the principal and an interest payment in addition to taxes and insurance and service charges. So the total payment is made up of several different items. The \$2 million figure is only the principal.

Senator NICKLES. That delinquency is primarily interest?

Ms. JOHNSTON. Yes, it is.

Senator NICKLES. OK. I appreciate that. Let me ask you a question. At some point, HUD did do inspections on these units, did find them totally unsatisfactory, and did make a move. Could you bring us up to date on that?

Ms. JOHNSTON. In recent years, the 1986 and 1987 and 1988 inspections, the 1986 review didn't include a physical inspection, because the rehab was still underway from the change to the new entities. There was a satisfactory rating issued that year, but it was only for the management review since no physical inspection was made.

In 1987, an overall rating of satisfactory was issued, but the rating for the physical was below average. In 1988, a satisfactory rating was given as a concession that there had been some repairs made, that there had been some improvement. They still were not in great shape, but we gave the management company the benefit

of the doubt that they had made some improvement in the year between 1987 and 1988.

Senator NICKLES. Just thinking out loud, I think some serious mistakes were made in 1986, 1987, and 1988. Maybe that is with the benefit of 50-50 hindsight. But I looked at the units sometime in 1988, and there was no way they were satisfactory, and I doubt that they could have been satisfactory in that period of time. I don't see how they could have run down in that short period of time.

That is just—again, maybe that is the benefit of 50-50 hindsight. Or maybe when I visited the units, I always did my visits more or less in a drop-in. I didn't let them know, so nothing was ever changed or spruced or anything like that. I just would drop by.

What percent of these units are now occupied?

Ms. JOHNSTON. I am sorry. I don't know.

Mr. GARDNER. I think there is about 48 percent in Vernon Manor and less than 45 percent in Morning Star.

Senator NICKLES. What about the drug problem, which I alluded to originally as the reason why I got into this? Have we seen improvement as far as getting rid of the drug dealers in these areas?

Mr. GARDNER. Well, I think there was some improvement when the Oklahoma City office took over and in part brought on their own security, a private security company. I think that there were some benefits that were derived from that, Senator, but—

I think since the Tulsa Police Department has been deeply involved, not only during the time that we have now made a contract with them but prior to that also, I think the Tulsa Police Department has the drug situation under control.

Senator NICKLES. I appreciate you saying that. We will have representatives from the Tulsa Police Department coming, but I remember visiting the unit a couple of times, and I was impressed with the police force. I also will make the statement that my first trip or one of my first trips into the units was accompanied by an unmarked police car, and they started pointing out drug dealers like—I mean, it was rampant, a serious problem.

Mr. GARDNER. Right.

Senator NICKLES. So I hope that is the case. For the sake of everybody, I hope that is the case.

I have some additional questions. One final comment: you mentioned, I know, a lot of people, particularly with the rains, are concerned; they are concerned about the leaky roofs and so on. You mentioned some contracts being let to fix those roofs in the near future.

Mr. GARDNER. Yes; we will award the contract by the 2nd of April. The bids are now being taken, and it is set to award the contract on April 2, and we will have those people on the roofs on April 3.

Senator NICKLES. Let me ask you a question, Mr. Gardner. Are you talking about fixing the roofs for those occupied? You are not necessarily talking about doing 396 roofs. You are talking about fixing those roofs for those units that are presently occupied.

Mr. GARDNER. Well, the biggest majority of the roofs are 20 years old, Senator, and they need replacement. And it is hard to go in on one building where there is maybe not a leak in one apartment but

a leak in another. You have to tear that old roof off and start from scratch and come on up to get a bonded roof. And we intend to do that. And I don't know of any way of doing it except doing them all.

Senator NICKLES. Well, I would question the wisdom of doing it if you only have 30 percent occupancy in one unit and 48 percent occupancy in another unit.

Mr. GARDNER. Well, I doubt very much if we will ever get more occupancy unless we fix the roof. I think it is the chicken and egg concept, and we are convinced in our own mind that we will not only be able to take care of the tenants that are in there, but we will never be able to get any more of them occupied until such time as we change that.

Senator NICKLES. Well, to both of our panelists, I thank you very much. I think we will submit some additional questions to you, and I appreciate your cooperation in working with us. Thank you very much.

Ms. JOHNSTON. Thank you.

Mr. GARDNER. Thank you.

Senator NICKLES. Our next panel: We have Angela Kelly, who is president of Vernon Manor Tenants Association, and Anna Robinson, who is president of Morning Star Tenants Association, and Ruford Henderson, who is the second vice president of the NAACP.

Angela, you indicated an interest to get going quickly. Do you want to be first? I will let anybody go first. I am happy to accommodate anybody.

Again, to all of our panel members, I hope you will feel very comfortable and relaxed and say anything, you know, that you think will add to the hearing on how we can make some better improvements on these units. I mentioned my concern for the tenants, and I appreciate representatives of the tenants associations meeting with us today and also meeting with my staff on numerous occasions.

Angela, do you want to be first?

STATEMENT OF ANGELA KELLY, PRESIDENT, VERNON MANOR TENANTS ASSOCIATION

Ms. KELLY. Good morning, Senator Nickles. First of all, I would like to thank you for inviting me to participate in this Senate Appropriations Committee hearing.

For far too long, our voices have not been heeded, either in the halls of Congress or elsewhere in the decisionmaking process. The recognition that we can be part of the solution is a step in the right direction.

I am a living example of thousands like me now living in public housing. At the age of 24, I am a single parent of four young children. For me, welfare assistance was not an end, but a beginning for me to receive training. I am now a full-time employed secretary.

I also cite the example of two young 19-year-old Vernon Manor tenants who last winter walked to work in south Tulsa, some 8 miles in the early hours of the morning because they lacked a car and buses didn't run, notwithstanding the fact that they worked for minimum wages.

Senator, there are countless examples of other people like us who want more than ever to determine their own destinies. Historically, the Government has thrown millions of dollars at these problems, and its programs have failed and dollars wasted, we believe in large measure because it has ignored and disregarded our input and active participation in fashioning remedies.

There are a host of reasons why Vernon Manor residents do not have decent, safe, and sanitary dwellings. At the outset, the housing units were inadequately constructed and poorly maintained. Second, crime and drug trafficking have been rampant, and police protection and security guards, inadequate.

Third, residents have had inadequate access to community resources such as early childhood development programs, vocation and other educational training, health care and job placement. Fourth, and most importantly, lack of tenant ownership and management is the major missing link in the equation.

As you may already know, last year we applied to HUD for a tenant management grant but were turned down, because we were classified as section 8 recipients. We believe we are, in fact, public housing and should be allowed to prepare ourselves for tenant ownership and management. Secretary Jack Kemp is an advocate of tenant ownership and management, and we urge his staff to assist us in that direction.

Senator, as president of the Vernon Manor Tenants Association, I have brought to your committee for review a compilation of documents which support our efforts in this regard. We believe that tenant ownership and management will stop the evils of the past from reoccurring.

Pride in ownership and greater self-determination will grow. Cost of repairs and maintenance will be drastically reduced. Crime will diminish. Employment opportunities will be enhanced. Other community resources will be better utilized. The relationship between tenants and HUD will be improved. Citizen development will be maximized and, last, a more stable living environment will result.

Senator, it appears at long last we are approaching some of our goals. The Vernon Manor Tenants Association Executive Committee has approved a plan of renovation and cooperation between ourselves, the local HUD office—and current management at Vernon Manor. Our interaction and relationship with the police department is improving. To prove our ideas have merit, the city of Tulsa, through its Tulsa Housing Authority, is adopting the community partnership memorandum of understanding.

The community partnership is a formal, written agreement to be signed by various community organizations, pledging tighter networking with public housing residents, an idea we fostered 1 year ago in our Thousand Points of Hope which is included in our documents presented here today.

Finally, Senator, we recognize that we must ultimately bear the responsibility for keeping our homes decent, safe, and sanitary. We will do our part to clean up our environment, to keep the drug pushers out of our neighborhoods and away from our children, but we must continue to have concentrated help.

In closing, I end as I began: Congress must look to us as part of the solution and make us full partners in this effort to improve the quality of life for low-income Americans. Brick and mortar, though sorely needed, alone are not the answer. The answer is us, you and I, and thousands of others like us, working toward a common goal, and that goal is to improve and have safe and decent housing for all low-income Americans.

Thank you.

[The statement follows:]

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Senator NICKLES. Angela, thank you very much for your comments.

Anna, do you want to go next, or Ruford, do you want to be next?

STATEMENT OF ANNA ROBINSON, PRESIDENT, MORNING STAR TENANTS ASSOCIATION

ACCOMPANIED BY:

RUFORD HENDERSON, FIRST VICE PRESIDENT, TULSA BRANCH, NAACP

JIM GOODWIN, ATTORNEY FOR RESIDENT'S ASSOCIATION AT MORNING STAR

Ms. ROBINSON. Senator Nickles, I have a prepared statement that I planned to sit here and read to you this morning, but I come to you with a cause. I am more concerned about my children, myself and my family at this time, so, Ruford Henderson, if you don't mind, will read the statement that I had prepared for you.

Senator NICKLES. That would be fine.

Would you pass the mike over to him? That is the only one we have that is live for the group.

Mr. HENDERSON. Thank you, sir.

To: Senate hearing of HUD Appropriations Committee. Anna Robinson, president Morning Star Tenants Association.

This Senate hearing has placed the tenants of Morning Star and Vernon Manor in a sensitive situation: the desperate needs of the tenants and the neutrality we need in order to maintain in the ongoing court action between HUD and Mr. Rozelle [HRM, AIC].

The tenants know the intent of the investigations is for the good of the tenants, but in response to some of the questions asked during the course of this investigation could be misunderstood as support on the side of HUD or HRM and nullify or jeopardize any legal action the tenants may choose to take in the future. To protect our rights and claims, we declare neutrality.

To determine the factors as to how Morning Star, Vernon Manor, and other HUD supported complexes in Tulsa and throughout the Nation have deteriorated into the barbaric and inhumane conditions they are in, this Senate hearing committee has in its power the right to summons and utilize reports from the following investigations and their conclusions, and any information needed to determine these factors.

The ongoing investigations are: the U.S. House of Representatives against HUD; the U.S. Department of Justice, and the FBI's ongoing investigation into illegal activities of HUD and HRM's administrators; HUD's ongoing investigation of illegal activities of its own administration's past and present actions.

Again, I would like to make it perfectly clear that we reserve the right of neutrality. I will not answer any questions I feel may jeopardize the tenants' rights or interfere with any ongoing investigation. We, the tenants of Morning Star, apologize for the position we must take, but it is a necessity that the position of neutrality be understood and maintained.

Respectfully, Anna Robinson, president of Morning Star Tenants Association.

She further goes on, We see as some of the needs:

Tenants ownership and management. HUD should allot a tenants management grant for Vernon Manor and Morning Star. Advantages: Price in ownership; greater self-determination and more positive image in the community. Reduce cost. Employment opportunities. Reduce or eliminate crime. Provide stable and livable environment. Provide better use of community resources. Produce greater citizen input. Improve tenant relationships with HUD.

Ms. ROBINSON. I would also like to say I think that it is a shame and a disgrace before God that Angela and myself had to come here and put ourselves on the line for this type of hearing that should have taken place a long time ago.

[The statements follow:]

STATEMENT OF ANNA ROBINSON

This Senate hearing has placed the tenant's of Morning Star and Vernon Manor in a sensitive situation, the desperate needs of the tenants and the neutrality we need in order to maintain in the on-going Court action between HUD and Mr. Rozelle (HRM, AIC). The tenants know the intent of the investigations is for the good of the tenants, but in response to some of the questions asked during the course of this investigation could be misunderstood as support on the side of HUD or HRM and nullify or jeopardize any legal action the tenants may choose to take in the future. To protect our rights and claims, we declare neutrality.

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TENANT'S OWNERSHIP AND MANAGEMENT

HUD should allot a Tenant's Management Grant for Vernon Manor and Morning Star.

Advantages: Pride in ownership—greater self-determination and more positive images; reduce cost; employment opportunities; reduce or eliminate crime; provide stable livable environment; provide better use of community resources; produce greater citizen input; improve tenant relationships with HUD.

TENANT'S PARTICIPATION IN REHABILITATION

The rehabilitation of complexes: (a) Contracts with suppliers; (b) Materials for rehabilitation through and by contractors; (c) Bid out the work and the winner of the bid thereby subcontracts with the tenants (that is the tenants that have skills) to paint, construct, and follow instructions, participate in the rehabilitating of the complexes; (d) The tenant or tenants would receive 50 percent of the going journey-men or apprenticeship; thereby causing a economical structure for the tenant(s); (e) The tenant may utilize the Home Opportunities for People Everywhere (H.O.P.E.) program immediately to purchase their apartment, hence, causing the tenant to be again part of the fabric of America and fulfill the American dream once lost and forgotten.

TENANT'S CONCERNS ON HEARING

Why in God's name does it take a Senate hearing to get work done?

When is work going to began on the Morning Star apartments?

Where is HUD putting the money the tenants are paying now?

The HUD attorney from Washington said no money would be put into Morning Star and Vernon Manor until the law suit between HUD and HRM was completed. Why?

Why does the apartment have to be sold before money for rehabilitation is allocated?

Why is \$56,000 being put into a community center when there already is a center being used by management for an office?

Why was the laundromat consignments taken from the tenants?

Why does Mr. Jones talk about creating programs already available in the complexes?

Why are tenants who are associated with the Tenant's Association being harassed, evicted and fired from their jobs?

Why has the Health Department not taken action against HUD for violations at Morning Star and Vernon Manor?

Why was the tenant's, who wanted to move from the complexes, made aware of relocation monies available?

Why has HUD not developed a management firm sensitivity program?

What can be done to protect the Tenant Association President from threats to her life, and the lives of her family?

Why are such extreme late charges being charged to the tenant's (\$5 on the 6th day, \$1 per day thereafter)?

Why are the rent payments not scheduled with individual tenant's payday?

Why is management refusing tenant's rent before filing eviction notices with the Courts?

Why have the rules changed to mandate payment of electric bills?

Why can't air-conditioning be installed like southside apartments?

Who is the owner of Vernon Manor and Morning Star?

STATEMENT OF RUFORD HENDERSON

First, the NAACP would like to thank you and members of this U.S. Senate Committee for allowing us to address the problems of Morning Star and Vernon Manor residents. We hope you will now accept our invitation to help in the solution part of this Committee's investigation.

We are aware that this hearing is concentrating on Morning Star and Vernon Manor, however they are only a small slice of the political pie, social and economic neglect, the North Tulsa residents (both black and white) have and are experiencing. To say North Tulsa is to say Black, poor, crime, drug, etc. All of these labels are used to justify the neglect and the continuing diverting of monies and services needed to maintain and rebuild this community.

We see as the major factor, which created the present problems at Morning Star and Vernon Manor, as: Racism in employment, in government and government services and in education; the failure of HUD to properly audit the usage of moneys allocated to housing complexes; the refusal of the government and agencies to respond to the tenants request for help in 1979 and thereafter; the on and off support of the Tulsa Police Department and the City government.

If this Committee is to be successful in finding out how this problem was created, it must use its power to summon all parties involved in developing the problem to identify their role. The tenants can only relay their humiliation and suffering.

This Committee must help in the development of stronger affirmative action programs, equal equity in allocating federal dollars, development of better monitoring systems of how Federal dollars are being utilized.

We hope this is not another band-wagon Committee, but a realistic effort in correcting and improving government for all people.

NAACP QUESTIONS TO SENATE HEARING COMMITTEE

QUESTIONS FOR HUD

Why isn't HUD, not management, presenting proposals for internal repairs based on priority needs after the inspection of all apartment?

Why is HUD not complying with National Housing Policy Goals (12 U.S.C. S 1701-2-11), when it is so vital for the welfare and economic survival of the North Tulsa Community?

Why has HUD not set-up an in-house plan to train tenants for Tenant/Management Programs?

All management firms should have a background check. Were these items checked for the management firm: (a) History? (b) Conflict of interest with HUD, Bank, real estate holdings, complex competition, future business plans?

What check was done on the management firm's to see what their sensitivity level with low-income housing tenant's and their needs?

QUESTIONS FOR MR. JONES, HUD MANAGEMENT FIRM

Was the present proposal put together without a full inspection of all apartments and bids on estimated cost per unit? If not, the proposal is dogmatic and not a good business decision?

If there is only \$1.2 million for both complexes (Morning Star and Vernon Manor), why is the proposal not based on that figure (\$1.2 million)?

Why was Morning Star told that the proposal was put together for Vernon Manor for the \$1.2 million and they (Morning Star) would be considered after Vernon Manor's work was completed?

Who helped prepare the proposal?

Why is your proposal so similar to the one prepared and submitted to HUD by Housing Resource Management (HRM)?

What tenant input was put into the proposal at Morning Star?

(a) What is your concept of Tenant Management?

(b) Does it comply with the concept Secretary Kemp is promoting?

Why did you keep all of Oklahoma Property Management Firm's Supervisors after the tenant's identified several severe problems with those supervisors?

Who set the rent charges for the complexes? What are they? Are they prices too high for the apartment market?

Has there been any inquiries for purchases of the Morning Star and Vernon Manor apartment? Do you, have intentions of purchasing these apartments if they are put up for sale?

How much money would have been spent since payments to the Morning Star and Vernon Manor were terminated?

What is the reason now, for the holdup on money to the apartments?

Why is HUD allowed to violate federal requirements for safety and health?

Are there any plans for tenant management?

POLICE DEPARTMENT

What is the present workforce need for Tulsa?

What is your present workforce level?

What is the percentage of workforce overtime needed?

How many off-duty police officers contracts do the City of Tulsa have and with whom (By man hours)?

Have you been able to meet your off-duty contract needs without using on-duty officers to fulfill contract needs?

Are records kept on officer's off-duty contract time?

Was a survey taken to see how many officers would volunteer to work at Morning Star and Vernon Manor on off-duty time?

QUESTIONS FOR TULSA COUNTY HEALTH DEPARTMENT

Why have periodic checks been made on the Housing Complexes?

Why did they not follow-up on their investigation requested in August, 1989?

Why have extension been allowed, to the management firm, concerning the leaking roofs?

QUESTIONS FOR CITY OF TULSA AND TULSA DEVELOPMENT AUTHORITY (URBAN RENEWAL AUTHORITY)

Has Tulsa Housing Authority been investigated on how funds have been utilized, after an request was made for investigation by the NAACP to HUD?

Is there a year 2000 plan or any plan for the redevelopment of the North Tulsa Area?

(a) If the City of Tulsa and Tulsa Development Authority have plans which included Morning Star and Vernon Manor into the year 2000, are not these entities required to publish plans relating to these complexes?

(b) Are community meetings supposed to be held to inform the community of the plans relating to these plans?

Senator NICKLES. Anna, I appreciate your statement. I hope that—I hear you say that you are putting yourself on the line—you don't feel jeopardized in any way by this Senate hearing. We are here to help you, and I think you know that from meeting with my staff and others.

I don't know if—have there been threats made against you testifying?

Ms. ROBINSON. Yes.

Senator NICKLES. Threats made by whom?

Ms. ROBINSON. Persons unknown. I repeatedly told the Tulsa Police Department. I have discussed it with Mr. Lawson, NAACP. I am very fearful right now, not only for myself but my children. I do have two children.

Senator NICKLES. Well, I am concerned for you and for your children, and let me just make a very plain remark. If anyone should jeopardize anybody's health or safety or that of their family because they happened to participate in a Senate hearing, we are going to do everything within the power of the Federal Government to make sure that that doesn't happen. If they do, they will be punished with the full force of law.

To think that any person in the State of Oklahoma or anyplace else in this country would feel jeopardized for participating in a public hearing that has as its desire to help those people who are living in situations in my opinion that need some improvement, for crying out loud, they should not feel jeopardized in any way, shape, or form. They shouldn't feel threatened. They should be applauded by their fellow citizens for being a leader and being willing to say, Hey, I want to make it better.

There is no question when you look at the fact that, hey, there has been a report 14 years ago that says those conditions were bad and we are still here, it needs to be improved, and I am bothered by the fact that—did you say threats have been made or—

Ms. ROBINSON. Yes; they have.

Senator NICKLES. I am bothered by the fact that threats have been made. I take your word for it that they have been, and let me just tell you—and we have officers here with the police department; if necessary, we will get Federal officers involved—but no one should ever feel jeopardized in any way, shape, or form for participating in a public hearing before the U.S. Senate.

We are here to do a couple of things. We are here to clean up some abuses in the past, and we are here to make life more livable, I guess, for the tenants and to make a better deal for taxpayers who have been having a hemorrhage of money in some of these units. I want that to happen, and there is no reason why we can't make that happen without jeopardizing—I mean, there is no reason for that to jeopardize anyone in any way, shape, or form, unless someone was really raking off the system and they don't want it to be exposed.

If that is the case, incidentally—I hate to tell you this—but we have hearings all the time in Washington, DC, and we expose people for abuses. Maybe it is defense contractors or maybe it is housing contractors, but we have found, unfortunately, that some people who do business with the Federal Government do it with some improprieties, and maybe that is the case here. I am not saying it is.

I have never said that there was an impropriety. I said that the results are bad. The amount that has been spent and for the results that have been spent—you would think if you had all these millions of dollars spent, you would have some very nice units. In-

stead, you have some of the worst living conditions in the State. To me, the results speak for themselves and need to be changed. It has got to be changed.

Now, if someone has been raking the system off, someone has been abusing the system, if they have been breaking laws, I hope that they will be tried. I hope that they will be convicted. If they are doing something illegal, that is what we have laws for. If the laws aren't tight enough, maybe we should tighten them. I am willing to do that.

We put some language in some Senate bills last year that basically direct HUD to do two or three things along that line. We are going to make sure we quit paying, the Federal Government quits paying, amounts that maybe are twice as much as they should be for poor quality. We want to make sure that we quit subsidizing apartments and housing complexes that are not making standards, that aren't decent housing standards. We should quit doing that.

One other change I want to make—and I would be interested, Mr. Henderson, in your comments on this. I want to make it possible for those tenants to be able to work on the units. I find it ludicrous the present law basically makes it impossible for unemployed tenants of public housing to work and fix up their own units. I want to change that. So if those units need a new roof, I would like to see those tenants that are there that don't have a job, I would like to see them up on top of the roof, making roofs. If those doors need to be replaced and the windows need to be replaced or the carpet needs to be laid, I would like to see them lay it.

Right now, the law makes that almost impossible, because you have to pay prevailing wage for Government contracts and if any contract is above \$2,000, so they are going to go out and pay somebody \$14 an hour to come in and do it, and so that tenant is going to stay there. Instead of walking that 8 miles that you were talking about, Angela, to get a minimum wage job, this person is going to be sitting there with no job, and they are going to be hiring somebody else then to come in and fix the roof or the windows. I want to see that change.

That is going to take a law. That is going to take a statutory change. I know that. I am working on changing that.

If there is something else that needs to be changed so we don't have people ripping the system off, taking all the money, supposedly putting it back into the system but not putting it back in the system, in these cases not even paying the mortgage payments, then we need to change that, and we need to make those people be held accountable. I think there is a real lack of accountability in a lot of these projects, and certainly amongst the owners and maybe amongst the tenants, too.

But we need more accountability. We need some responsibility, people to take care of these units. Maybe tenant management and tenant ownership is part of the solution that, Angela Kelly, you have talked about, Secretary Kemp has talked about. Maybe that would be a big step toward that.

I am very open. I am new to this field. I have only been on this committee a couple of years, and I am very willing, very receptive for ideas. All I see right now is the present system is broke.

But, again, Anna Robinson, I hope that you will not feel inhibited in any way whatsoever. You know, if you have something you want to tell me, whether it be in this committee forum or whether it be privately or to my staff or whatever, I hope that you don't feel inhibited in any way, shape, or form, nor feel threatened or jeopardized or your family. If those persons are making those threats, I would like to find out who they are, because I think some legal action can be taken against them.

People don't have the right to intimidate. You have the right to free speech. Other people have the right to free speech. You should not feel intimidated by anyone for your testimony today, whether—regardless of what you say. You have that right as a citizen, and I hope that, you know, if there are other things that you wish to express, whether it be about the ownership which you alluded to, or whether it be management, past management, present management, I hope that you will feel free to discuss it now or discuss it later, but I want to work with you and the tenants.

We have several meetings, as you all are aware, wanting to see what kind of constructive ideas we can get to make some positive improvements, so I hope that you will share those with me now or if you would be more comfortable with doing it later, you can do it later.

Mr. HENDERSON. I would like to say something in support of Anna. In the situation that Anna is in, when you have an ongoing problem that you must face every day, you have got those who have power who can utilize that power to influence those whom you are trying to help, so what you have is an environment where those with the money are saying, don't go this way because they are going to interrupt what we are doing; or slow down; or give everybody a chance.

But we have given a chance for a year or so here, and the problem hasn't changed. So Anna is constantly combating those elements out there, and she is going to face individuals that the next group who passively accept, do not receive, and she will be getting that. We will encourage her to keep going on, whatever it takes. If we have to stay out there, we will do it. But we do support her, and we are not going to stop fighting the problem, because somebody says we are going to do.

Senator NICKLES. About?

Mr. HENDERSON. No; they don't threaten me. I have been threatened so many times, it just goes through, one end to the other, so it don't bother me. But I have been involved so long. I have been involved for 20-some years in all kinds of problems, so it don't bother me, from the clearings on through, so it don't bother me, you know.

I have had my share, but not through this incident, because it is a waste of time to whoever is doing it. But, yes, you do get threats, and I had to adopt my family and set them up and teach them how to resist that.

Senator NICKLES. Well, why would anybody make a threat for anybody testifying? I still—

Mr. HENDERSON. I think it is just not testifying. I think it is getting in the way of what some people think is progress and others see as no progress. In other words, say the progress that started 1 year ago have not benefited the tenant one little bit; in fact, it is

worse now than it was 1 year ago. The only thing they did was cover up the apartment that was empty. You go out there and scale those off, and you see the same apartment complex.

We have to go to the health department in order to get some action done, and they have reneged on their performance. So Anna had to keep going out there, knocking on doors, to those elements that is supposed to be correcting the problem. She had to keep knocking on doors. In doing that, she had to hurt—she had to go around some of the people who were saying, she is just a militant and radical.

Senator NICKLES. Anna, let me ask you a question. In the first place, can you identify who the person is that has threatened you?

Ms. ROBINSON. No; I can't.

Senator NICKLES. If you could later or something, I would appreciate that.

Are living conditions better now than they were 1½ years ago?

Ms. ROBINSON. No; it is a coverup. We just added some carpet, some miniblinds. The apartment is still there. We were still without heat this past winter.

Senator NICKLES. What about drugs?

Ms. ROBINSON. There is some drug activity.

Senator NICKLES. Still?

Ms. ROBINSON. Yes; there is.

Senator NICKLES. Is it as bad as it was?

Ms. ROBINSON. No, no.

Senator NICKLES. I was going to say, I understood from most everybody—and, again, I remember my first trip through there, and I remember the police pointing out drug people all over the place, and I have understood that it was much improved as far as the drug environment, which to me was one of our major goals.

Ms. ROBINSON. Right. It is on the inside now, not on the outside.

Senator NICKLES. There's proposals for fencing. Did you—

Ms. ROBINSON. Yes; we do have a fence, but it is not the type of fence that we wanted.

Senator NICKLES. You have almost round-the-clock security now?

Ms. ROBINSON. We have 16-hour security, but the only thing that is going to help is where we have full 24-hour security. As bad as the security guards that we had at first were, that is the only thing that ridded the drugs, was 24-hour security.

Senator NICKLES. Angela, have you been threatened in any way for testifying or your input?

Ms. KELLY. No.

Senator NICKLES. Harassed or anything?

Ms. KELLY. No.

Senator NICKLES. How about at Vernon Manor? Are things better now than they were 1½ years ago?

Ms. KELLY. No.

Senator NICKLES. Pull the microphone over, if you could, so we can—

The conditions of the apartments any better now than what they were 1½ years ago?

Ms. KELLY. Some are, some aren't.

Senator NICKLES. What about the drug situation? Is it better now?

Ms. KELLY. It has shown some improvement. They are not as open with it. It is more individual apartments on the inside, but not the outside.

Senator NICKLES. We have had other cases of problems, too. I think I remember—well, I think there has been some beatings and other things. Has that stuff diminished? I haven't read as much, I guess, in the last 2 months as I did some time ago.

Ms. KELLY. Yes.

Senator NICKLES. So the crime environment—the crime situation has improved?

Ms. KELLY. Tremendously.

Senator NICKLES. Tremendously?

Ms. KELLY. Uh-huh.

Senator NICKLES. Jim Goodwin, I see you sitting there, perched or something. Do you want to add?

Mr. GOODWIN. Since I wasn't—well, let me say this. I simply echo the sentiments that have been expressed by Ruford, by Anna, and by Angela. We have—this attention, national attention—the national attention and the attention by the powers that be is long overdue, so we are—with the cooperation of the local HUD office, we will hopefully see some immediate improvement in the physical rehabilitation of these facilities.

But as Angela has said, more importantly is the networking of the community resources, job training, vo-tech training, early childhood development programs. Those things—

Senator NICKLES. That is what this is?

Mr. GOODWIN. Yes, sir, that, in part, is what those is. Also chronicled are some of the—the Senate will be able to see and you will be able to read how diligently the tenant association representatives have been working, trying to call attention to the resources that can help influence the quality of life of themselves.

But everyone understands that—and, again, I echo what Angela has said. The input of the tenants in anything that affects their lives is the major part of solving the problem, we believe solving the problems all over America. We have to listen to the tenants.

We have had a tendency of people who thought they were planning in the tenants' best interests and doing things in the tenants' best interests, but I think Secretary Kemp is right on the button when he says tenants' management and ownership is the direction to go in.

I would like to emphasize: we asked almost 6 or 7, 8 months ago that both complexes would be given a tenant manager grant to get on with the business of managing their complexes. We were turned down because there were section 8—denominated section 8 recipients, and we believe that as a fact of the matter, that it is public housing, and we certainly would urge the Senator to urge Secretary Kemp's office to look again, look anew at the request.

In that document you are leafing through, there is the tenant application request that was submitted by Morning Star and Vernon Manor, and we ask that that be reconsidered.

Senator NICKLES. Mr. Goodwin, I am almost flabbergasted. I hope you don't mind if I don't read this whole thing.

Mr. GOODWIN. No; that is for the record, sir.

Senator NICKLES. I—

Mr. GOODWIN. And, I might say, it is probably one-fourth of the material that we could provide you that chronicles the activities of the association, trying to improve the situation.

Senator NICKLES. Did the tenants association pay for this?

Mr. GOODWIN. That was paid for by HUD.

Senator NICKLES. Why would HUD pay for this?

Mr. GOODWIN. At my request.

Senator NICKLES. I am a lot more interested in HUD fixing units than building big volumes of material. I want to see roofs fixed and security and get rid of drugs. I don't care—I mean, not that—I am not really interested in bureaucratic reams that nobody will ever read. What I am really interested in is cleaning up these units.

I will tell you what. Washington, DC, is filled with reports and studies and so on, but it doesn't solve the problem 90 percent of the time. Somebody paid thousands of dollars for this, and I don't know that the tenants had that kind of money. But I am really interested in cleaning up the problem.

Mr. GOODWIN. Sir, the problem is that no one has chosen to listen to the tenants, and in part, that will set in writing the pleas, the ideas that the tenants are expressing. It is unfortunate—I am not asking you, of course, to read that document, but someone needs to review those documents, to listen to what the tenants say about their conditions.

Senator NICKLES. Mr. Goodwin, are you employed by Mr. Rosette?

Mr. GOODWIN. No; I am not.

Senator NICKLES. By one of his subsidiary corporations?

Mr. GOODWIN. No; I am not.

Senator NICKLES. Not in any way connected with him or his organizations?

Mr. GOODWIN. No; I am not.

Senator NICKLES. You know Mr. Rosette's crew and—

Mr. GOODWIN. I do.

Senator NICKLES. What about Mr. Moses?

Mr. GOODWIN. No; I don't know him.

Senator NICKLES. Anybody else with AFC or the other groups that have—I guess they have a lot of different groups that have been involved. The only concern I have is that I understand that you are with the tenants association now. But I was also under the impression, maybe a false impression, that you were also connected with the ownership of the units.

Mr. GOODWIN. No, sir; in answer to your question—let me preface this. I have worked in this community for 30 years, filing the school desegregation lawsuit that first began, formed the Moton [phonetic] Health Center Association, have served on the Tulsa Community Action Agency for several years as the chair, have headed Moton Health Center. I have been involved in the recent voter registration—not voter registration, the change of city government.

I have been involved in every major occurrence in the last 30 years within this community, sir. That is my history, if anybody knows me.

Senator NICKLES. I have no question of your long involvement and your efforts to improve the quality of life in north Tulsa, and I

don't question that in any way. But have you ever been employed by Mr. Rosette or any of his organizations?

Mr. GOODWIN. Mr. Rosette's company paid a fee of mine over 7 months ago to represent the tenants' interests which, in part, is a result, I believe, of the hearings today. We have managed as advocates to keep Morning Star and Vernon Manor before the public, and that is why I would urge the Senator and his staff to review the documentation which we have culled out for help.

I might tell you that just before HUD took over the—became mortgagee-in-possession, I sent a letter to Jack Kemp, saying that the tenants have had enough, after about 4 or 5 months of my involvement with the tenants association, and within 2 days, I might say, 2 or 3 days thereafter, HUD did step in because of the conditions being deplorable.

In the last 7 months, you will reflect the conditions, as have been testified here today, still have not measurably improved, except in part. Affirmatively, crime has been reduced. We are now, however, at a point because of the cooperation and initiative on the part of local HUD office, the other voices within the community, hopefully attacking the problem we have tried to address for the last year.

Senator NICKLES. I hope we can, too, but I find it interesting that Mr. Rosette's company would pay you a fee to represent the tenants when I think Mr. Rosette's obligation was to fix the units as he was being paid to by the Federal Government for years, and he didn't do it.

Mr. GOODWIN. I don't dispute that at all, sir. I can say this, though. You, in your opening statement, made a case for suing not only Rosette but HUD, Congress, and a few other people involved. If suing was going to resolve the issue, what is important again—and we are very thankful that you have brought a focus to this question to the public.

What is important is that remedies be afforded immediately to the tenants. Now, I considered it an opportunity—I happen to have been paid for some of my services, but I can tell you, under no circumstances, sir, have there been a conflict that has arisen in my representing these tenants. The record will speak for itself, and I can give you—we have been able to mobilize the entire community.

When I became involved in this episode, we got the executive director of the Metropolitan Chamber of Commerce to come and sit down and discuss, what can we do; the vocation educational head came.

Senator NICKLES. Mr. Goodwin, just thinking though, Mr. Rosette or his representatives, and his representatives, came to my office when I started contacting housing officials and said, we have to do something different; we can't keep paying these enormous section 8 payments to this organization because of the conditions and so on.

He basically wrote me a letter and said, Senator Nickles, if you will increase our monthly subsidy, then we will solve your problems. Then we will provide additional security. Then we will provide additional maintenance. He said, basically you are not paying us enough.

I said, wait a minute; we are paying you \$468 for apartments that aren't worth anything. He wanted more. Then if I remember, he was vigorously opposed to HUD taking over the units, which I,

frankly, urged HUD to do, because I didn't think we should leave it in the management of this group and in the organization of these outside owners. I thought they were just basically ripping off the Federal Government and the tenants. So I pushed and urged HUD to make that change.

Mr. Rosette and his crew fought every step of the way. They didn't want to lose this subsidy that they were getting to the tune of over \$1.5 million a year. So I did find it interesting that he would pay you to represent the tenants when he has, in my opinion, ripped the tenants off for years.

[Applause.]

Senator NICKLES. I don't know how much he had to pay for this, but he had reams of documents when he came to see me, but that didn't solve the problem. The problems are out there in the units, and I am bothered by the fact—I guess there is a lot of attention now in housing, and I think it is a terrible mistake. We didn't have that attention for the last 8 years. We should have had the attention.

We should have—you know, if there were reports that were filed in 1980—and this was before my time; I was elected in 1980, but this was filed in March 1980. But, you know, we should have been doing something. Community leaders, tenants association, we all should have been working together to fix this problem 10 years ago, and now what I am trying to do——

I am not trying to get anybody. What I am trying to do is make sure that we won't have to do this 10 years from now. I don't know want Roy Gardner or I don't want the tenants associations or I don't want Ruford or anybody else looking back 10 years ago and say, you know, we gave this a lot of attention in 1990; we had a hearing, meetings, associations and so on, but the problem still is here in the year 2000 and the year 2010, and by that time, your kids are going to be growing up.

Are they going to be living in those kind of conditions? Are they going to have three or four kids, or are they going to be—you know, this is my real concern, is for the tenants, but, sure, for the kids. I don't want to be developing this scenario of welfare dependency, living in despicable conditions.

There was a lady in Washington, DC, that received some attention because the Mayor of Washington, DC, told her she was having too many babies. She had 12 babies. They fixed up her apartment and her house. They spent \$40,000 renovating her living quarters. They took the kids away from her last week, and the living quarters were as bad as any you have ever seen anywhere. I thought, what kind of cycle are we on, because this lady is not all that old. What kind of future did those kids have?

Well, the Government ended up taking away those kids and probably had to. I am not faulting that. My concern was that I was thinking, What is going to happen to those 12 kids? You know, are they going to grow up in that same situation? The Government spent \$40,000. You can buy a house for \$40,000. They spent \$40,000 fixing the units up, and it was just like it had been through a bomb. I mean, those units aren't worth a dime, not a dime, just totally dilapidated.

What I don't want to do is—the reason why I asked Mr. Gardner, you don't fix all the roofs. I am not really interested in pouring \$20,000 a year into these apartments and come back here 2 years from now and find those apartments devastated. That is not going to—you know, it is not going to solve the problem to just fix the roofs and put in carpet if we don't do something that is going to change and make sure that those units are going to hold their value.

You know, it is kind of like an old car. My son, unfortunately, has one of those. He always wants to put more money into it. Well, Dad, if we just get the transmission fixed or we just put some new work in the engine—you know, it is a bottomless pit. There is no limit on how much you can put in it.

I don't want to do the same thing on these units and be coming back here 10 years from now and say, you know, we invested \$2 million in those units and now we are paying the section 8 payments. We are not paying them to Mr. Rosette and crew; we are paying them to somebody else, but they are still in bad shape. There is still drugs. There is still the problems with the kids. That is what I don't want to have happen.

I may still be in the Senate 10 years from now—you never know—and I may be in this room, and I want to see some improvements. Incidentally, I think we have seen some improvements. I would agree. I think there has been some, but I am still not satisfied with it. I think there has been some improvements, though, particularly on the crime scene. I was really bothered my first trip in there on the drugs.

Mr. HENDERSON. Senator Nickles, let me support what you are saying. Back in 1979, we petitioned the health department. We called every Congressman. We called everybody we thought could help us, and we thought it went down the drain. What makes me so upset is today you say that someone in the Senate at that time over housing realized we had a problem and took no action, and I applaud what you are doing today and hope that that continues, because HUD has done the same thing; the city of Tulsa has done the same thing; the police department—

They dribble in a little bit, and then they get back out, and that is why the tenants are in the situation, and it depreciates not only the housing but their minds, because they have to live in that environment and see nobody helping. Every time they cry, nobody does—they all just wipe their eyes and throw them away, and I hope that this hearing today and the ones following will not lead the tenants down that same deadend street.

I thank you again, but we have a lot of other problems that we hopefully can address today that will correct these and some solutions, not just giving you all our problems. We have hopefully some solutions.

Senator NICKLES. Do you favor the idea that I was talking about, Mr. Henderson, that would allow the tenants to work and fix up their own units?

Mr. HENDERSON. Of course, it is.

Senator NICKLES. At rates maybe less than what the so-called—the prevailing wage rate that is mandated by Washington, DC?

Mr. HENDERSON. Yes; it does two things. First of all, it gives them a skill and it gives them a business they can develop, so you have got two things going. Give them fish, you feed them for a day, but teach them how to fish, he lives forever because he is fed forever.

Once the tenants develop their skills, they can go out and market that skill. They can fix up the other Morning Stars; they can fix up Washington Height and Townsquare that is falling apartment. They can go over to Comanche and unfence all those apartments that are fenced up over at Comanche by the Tulsa Housing Authority and put people in there, because under regulation, HUD is supposed to guarantee livable apartments in this community.

The way they are taking them out of here and passing them out salt is deteriorating not only the community, but is depriving us of an economic base that we need so badly, so I hope that we just don't sit here and talk about fixing up a handful of apartments and solving the problem. The problem goes way beyond that.

Senator NICKLES. For your information, Mr. Henderson, when we have the housing bill come up, I will have an amendment that will allow tenants in units to be able to work on maintenance and operate, and maintenance of the units, and hopefully that will pass and assist them. I am going to have to go to the next panel.

Mr. Goodwin?

Mr. GOODWIN. Just one final matter which I should have made the inquiry about my arrangements. The payment to me by that organization was done with full knowledge from the beginning with my clients. HUD also knew about the arrangement, and I might tell you, sir, that my representation of the tenants association has been reaffirmed again and again. No one but you, sir, has questioned perhaps the propriety of my representation.

I still maintain that what we—we are delighted that you are here to focus on the problems and we do focus on the problems. The advocacy on my behalf of the tenants will remain.

Senator NICKLES. Let me make sure that you understand. I wasn't questioning the propriety of your representation. I was questioning the sincerity of Mr. Rosette's feelings toward the tenants, because, again, I think if he really wanted to help the tenants, he could have—he was receiving a great deal of money, over \$1.5 million a year for these units. He should have been taking care of the units. I don't think he takes care of the units by doing big reports.

Mr. GOODWIN. Well, sir, please, that report is not a generated report from Rosette. That is a tenant—and we ask you, we urge you, to please listen to the tenants and to get Congress to listen to these tenants, because we will have solutions there, sir, if you would do so. So, please, I beseech you, don't push this report aside.

Senator NICKLES. OK. Well, I—we have been listening to the tenants. As I am pretty sure you are aware, we have had a lot of meetings with tenants; we will have more. I am very concerned about your comments and your statement that you said that you were threatened. I want to follow up on that. We will do it privately. Again, let me reassure you that in no way should you feel threatened in any way for trying to make things better for your tenants. I think you are to be commended for doing so, and certainly should

not be jeopardized in any way, shape, or form, and if you are, we would like to know about it, and the police would like to know about it.

So thank you very much to the panel. Thank you for participating.

Our next and final panel, we have Ralph Jones, who is the property manager from Tulsa, OK, and we also have Maj. Charles Jackson with the Tulsa Police Department.

Who cares to be first? Mr. Jones, go ahead.

STATEMENT OF RALPH L. JONES, JR., RALPH L. JONES CO.

Mr. JONES. Good morning, sir. I am Ralph L. Jones, Jr. Ralph Jones Co. began its assignment for property management services on behalf of the U.S. Department of HUD on January 22 of this year. Our contract is an interim one, Senator, and will be until a permanent contract is let, sometime later this month.

The first task to be completed by a management company beginning a new assignment is the inspection of the property. The purpose of this inspection is to quickly determine the overall condition of the property and identify currently existing or potential emergency conditions that must be addressed. This inspection was completed during the week of January 22 by my staff and also by staff from the Tulsa office of HUD.

The results of the inspection were for many years, maintenance has been deferred, resulting in extreme and rapid deterioration of the property. Occupancy at Vernon Manor and Morning Star is 48 percent and 30 percent respectively. Vacant units are boarded up, which does not create a very good appearance for the property.

Occupied units were posing a vast array of health and safety problems for tenants, including roof leaks, damaged and broken windows, inadequate plumbing and sewer, inoperative or unsafe heating systems and many other violations of safe and sanitary housing standards as defined by HUD and the local county health department.

I am providing information today that was given to us by the Tulsa City/County Health Department when we began our assignment in January. An order had been issued to either correct these violations of health and safety codes immediately or face closure of the property.

[The information follows:]

LETTER FROM TULSA CITY-COUNTY HEALTH DEPARTMENT

DECEMBER 7, 1989.

MORNING STAR VILLAGE,
c/o OK Property Management/Cotner, 5900 Mosteller Drive, Suite 320, Oklahoma City, Oklahoma 73112.

GENTLEMEN: An inspection of your property, described as Chappelle addn Resub L7-11 Prt L12 and L13-18 and L21-24 Gentry Lot 1 Blk 1 City of Tulsa, Tulsa County, Oklahoma, discloses unlawful violations of the Existing Structures Code of the City of Tulsa, Oklahoma, Title 55, Tulsa Revised Ordinances. The attachment is a list of those violations, together with a statement of the necessary corrective actions you must take to bring the property into compliance with the Code. These corrective actions must be completed within 30 days from the date of this letter.

The Code further provides that:

(1) Section E.S. 107.5 Transfer of Ownership: It shall be unlawful for the owner of any dwelling unit or structure who has received a compliance order or upon whom a

notice of violation has been served to sell, transfer, mortgage, lease, or otherwise dispose of to another until the provisions of the compliance order or notice of violation have been complied with, or until such owner shall first furnish the grantee, transferee, mortgagee, or lessee a true copy of any compliance order or notice of violation issued by the code official and shall furnish to the code official a signed and notarized statement from the grantee, transferee, mortgagee, or lessee, acknowledging the receipt of such compliance order or notice of violation and fully accepting the responsibility without condition for making the corrections or repairs required by such compliance order or notice of violation.

(2) Section E.S. 111.2 Petition—Right to Appeal: Any person affected by any notice which has been issued in connection with the enforcement of any provisions of this code, or of any rule or regulation adopted pursuant thereto, may request and shall be granted a hearing on the matter before the Board of Commissioners of the City of Tulsa, provided that such person shall file in the office of the Board a written petition requesting such hearing any containing a statement of the grounds therefor within twenty days after the day the notice was served. This appeal should be filed with the Secretary to the Board of Commissioners, 200 Civic Center, Tulsa, Oklahoma 74102.

Should you need further explanation of these violations, please contact us at 744-1000, extension 3700.

The Code provides that anyone who feels he has been treated unfairly or aggrieved by a decision or action of the Health Officer has the right to appeal to the Tulsa City Commission. The appeal must be made within twenty days after the receipt of this notice.

JERRY G. CLEVELAND, P.E.,
Interim Director.

SIDNEY SMART,
Housing Specialist.

MEMORANDUM

DECEMBER 11, 1989.

To: Jerry G. Cleveland, P.E., Interim Director
From: Sid Smart, Assistant Chief, Environmental Health Services
Re: Morning Star Village Apartments Inspection Report

Four staff members of Environmental Health Services, Alan Bartlett, John Baker, Tom Adams, and myself, met with representatives of the Morning Star Village Tenants Association for the purpose of making inspections on apartment units that had filed complaints. We had received twenty-four complaints before the inspection date, and we received another three complaints when we arrived at the housing complex. Channel 8 news team accompanied us while we were conducting our inspections, and they interviewed me at the conclusion of our inspections. We observed a sewer line backup with sewage surfacing between two apartment units, number 2207 and 2209, on the north end of the complex. I told Mr. Worley Holmes, Complex Manager, that it was necessary to get the sewer line opened immediately. Alan Bartlett returned to the complex that afternoon to find that the sewer line was cleaned and working properly and had new cleanout plugs in place.

Of the twenty-seven complaints received we were able to inspect twenty-four units. Three of the units were not inspected because we could not gain entry after three attempts. We found violations in twenty of the units and violation notices have been sent to the owner and to the manager of the complex. Four of the units we checked said they did not have a complaint to make.

The most serious problem needing attention was leaking roofs on several of the buildings. Most of the complaints were maintenance in nature, such as floor tile missing, holes in sheet rock, loose cabinets, faucets leaking, and weather stripping around doors and windows.

We did not observe any units without heating or without water and plumbing facilities. Also, we did not observe any electrical problems, including exposed wiring.

TULSA CITY-COUNTY HEALTH DEPARTMENT, ENVIRONMENTAL HEALTH SERVICES

SUMMARY OF MEETING REGARDING MORNINGSTAR APARTMENTS

DECEMBER 1, 1989.

Staff present: Jerry Cleveland, Jack Walling, Sid Smart, Gary Cox, Alan Bartlett, Kris Coulander.

Morningstar representatives: Ruford Henderson, NAACP Vice President, Reverend Melvin Easley, Advisor, Hattie Duncan, Treasurer, Morningstar, Barbara Walker, Vice President, Morningstar, Anna Robinson, President, Morningstar.

Introductions of the Morningstar representatives were made by Reverend Easley. Sid Smart introduced the Environmental Health Services staff.

Sid Smart opened the meeting by describing Health Department responsibilities as related to housing in the City of Tulsa. He related that the Department enforces the Minimum Housing Code and Property Maintenance Code except for vacant structures which is the responsibility of the Tulsa City Code Enforcement Division. He also related that the Department responds on a complaint basis and does not enter a residence without permission from the occupant. He said that the Department does not have the manpower to do a comprehensive program.

Mr. Smart also referred to a petition and list of complaints given him by Reverend Easley. He discussed some of the complaint items listed stating that some were code violations and others were not.

Reverend Easley related that since 1979 HUD had been negligent in keeping the Morningstar units up to standards and that efforts made to make responsible parties repair these dwellings had achieved little or no results. He also discussed recent unit problems such as leaks, roof deterioration, termites, structural and electrical problems and deteriorating floors which were overwhelming the occupants.

The situation at Morningstar along with possible solutions and a sewer complaint investigated by the Department on August 16, 1989 were discussed by the group. It was decided that on December 5, 1989 the Department would meet with the appropriate representatives from Morningstar and make an inspection of these units where tenants had complained. Mr. Smart related that in the event other complaints were received while these were being investigated, they too would be looked into at that time and that the inspectors would look for other code violations during their visit.

LETTER FROM SID SMART, ASSISTANT CHIEF, ENVIRONMENTAL HEALTH SERVICES,
TULSA CITY-COUNTY HEALTH DEPARTMENT

DECEMBER 7, 1989.

Re: Morning Star Apartment Complex
OKLAHOMA PROPERTY MANAGEMENT,
5900 Mosteller Drive, Suite 320, Attention: Mr. Cotner, Oklahoma City, Oklahoma 73112.

DEAR MR. COTNER: Enclosed in this packet you will find an order to make repairs on apartment units in Morning Star Apartment Complex. We are delivering a copy of this notice to Mr. Worley Holmes, Manager, in order to expedite repairs.

This order states the violation and the remedial action to correct on each item marked. We are also enclosing a copy of each apartment unit inspected. On the back of each inspection sheet, under remarks, we list the items needing correction.

If you, or Mr. Holmes, have any questions concerning this order, or the requirements therein, please contact us. Your cooperation in this matter will be greatly appreciated.

Sincerely,

SID SMART,
Assistant Chief, Environmental Health Services.

Mr. JONES. The deferred maintenance found at Morning Star and Vernon Manor did not occur over a short period of time. Years of neglect can be seen in exterior building maintenance, grounds maintenance, and interior apartment maintenance. All of these things you have heard about today.

The downward spiral that is created by neglect and abuse has resulted in complex vacancy figures five to seven times the average

in Tulsa. Comparable section 8 housing in Tulsa can be found with occupancy in excess of 90 percent and waiting lists for residency of 9 months or longer.

In any apartment complex, deferred maintenance and rapid deterioration will cause occupancy to fall and will also create a void. Inevitably, something will fill that void. In the case of Vernon Manor and Morning Star, the void seems to have been filled by an element of unlawful activity with drug distribution at the center of the problem.

During the past few months, I have heard many suggestions that drug gangs came into Morning Star and Vernon Manor, resulting in the condition of the complexes as they are today. I do not believe this to be true. On the contrary, the evidence and my experience is that failing conditions of property and inattentive management attracts an element of people who thrive in such conditions.

Throughout our cities, examples can be found of rundown houses and vacant property that is being converted to use by drug dealers. One can also see in the news every day the lavish lifestyles, confiscated by law enforcement, where drug dealers once lived in beautiful neighborhoods. Drug dealers never seem to tear up their own homes, and likewise they are never seen to contribute in a positive way to the areas where their distribution of drugs is centered.

Any written description of the living conditions at Vernon Manor and Morning Star fails to communicate the true picture. To properly document conditions, HUD has photographed and videotaped living conditions at the complexes.

Fortunately, the slide toward economic and physical obsolescence was halted at Vernon Manor and Morning Star. A brave group of residents and community leaders emerged and began to fight back, the folks that you have heard here today, Senator. Residents organized themselves, and fortunately, their cry has been heard by you and by the Secretary, by Mr. Gardner and others. In a bold and absolutely necessary move, HUD took over these properties from previous ownership.

Many changes have taken place since August 1989. Many, many more will happen this year. The following agencies, groups, and associations participated in the drafting of a roadmap for improvement. These were the local office of HUD, the Tulsa Police Department, the Tulsa City/County Health Department, Tulsa Community Action Agency, and certainly the Vernon Manor and Morning Star resident association and their advisers.

This roadmap has taken shape in the form of a management plan submitted by our company, acting merely as the collection point for these ideas, goals, and challenges that have been adopted by the participants. Hours upon hours have been given by the groups mentioned. Without their help, no management company could possibly succeed, and with their help, we will not fail.

Senator, I have filed with your office a copy of the management plan that I have just described for Vernon Manor and Morning Star, and I would like them to be included in the record of this hearing.

I would also like to be included in the record a letter from Mr. Mark Garvey who is the district sanitarian for the Tulsa City/County Health Department. This letter indicates that of 70 occu-

pied units at Morning Star, only 2 units have files remaining open for follow-up inspection. These are due to roof leaks. All other units seem to meet their standards at this time.

[The information follows:]

MEMORANDUM

FEBRUARY 1, 1990.

To: Sid Smart
From: Mark Garvey
Subject: Morning Star Apartments

Inspections were made of 27 individual apartments at Morning Star on January 29, 1990. There are only 6 units of the 27 that have not been completed. Some of the repairs have been completed on these 6. Most, if not all, concern weather proofing windows. It seems they are experiencing some difficulty with the adhesive on the weather stripping adhering to the aluminum window frames. They are researching a solution to this problem.

I met Ralph Jones, Jr. at the complex and he is concerned about the February 7 deadline we imposed on him. He stated that he has bids for repairing the leaking roofs but the bidding procedure must follow HUD guidelines. He expects repairs to begin around March 1, 1990.

Two of the units occupied have some roof leakage but these tenants do not wish to move. They want to stay in their specific apartment building until roof repairs are completed.

MEMORANDUM

FEBRUARY 7, 1990.

To: Sid Smart
From: Mark Garvey
Subject: Morning Star Apartments

An inspection was completed on Feb. 6, 1990 of individual apartments at Morning Star. Substantial progress has been made in repairing electrical, plumbing and cabinetry complaints.

The complex is expecting a shipment of screen doors around Feb. 20, 1990. Management stated installation would begin immediately. Following is a list of units needing screen doors: 2203B, 2203D, 2117D, 2117A, 2123D, 2153A and 2157A.

Some tenants that are experiencing roof leaks have chosen to stay in their units until the roof is repaired or until the tile and carpet work has been completed. Roof repairs are projected to begin around the first to the fifteenth of March. The starting date depends on the HUD bidding procedure. Following is a list of apartments that have roof leaks: 2219A, 2203D, 2123D, 2121B, 2153B, 2175A, 2129B, 2161C and 2127C.

Weather stripping will be applied to the units needing it, despite the adhesive problems they have encountered.

MEMORANDUM

FEBRUARY 16, 1990.

To: File
From: Mark Garvey
Subject: Morning Star apartments in need of repairs

- 2121B—Roof leak (tenant will not move).
- 2123D—Roof leak (tenant will not move).
- 2127C—Roof leak (tenant will not move).
- 2129A—Breezeway ceiling in poor repair also light broken (tenant will not move).
- 2145C—Windows not winterized.
- 2153B—Roof leak (tenant will not move).
- 2175A—Tenant will move.
- 2129B—Tenant will move.
- 2161C—Tenant will move.
- 2203B—Heater not working.
- 2203D—Roof leak, no handles for stove (tenant will not move).

Six units received follow up inspections and were closed on this date. Five of those complaints concerned the windows being winterized and the sixth complaint was closed due to the tenant moving to another apartment.

MEMORANDUM

FEBRUARY 21, 1990.

To: File
 From: Mark Garvey
 Subject: Morning Star Apartments in Need of Repair

2121B—Roof leaks (tenant will not move).
 2123D—Roof leaks (tenant will not move).
 2127C—Roof leaks (tenant will not move).
 2153D—Roof leaks (tenant will not move).
 2161C—Tenant will move.
 2175A—Tenant will move.
 2203D—Roof leaks (tenant will not move).

Four units received follow-up inspections and were closed on this date. Rhonda, with Ralph James Realty, was informed of the findings. She said HUD has rejected their latest proposal for roofing bids due to the specifications. Rhonda has to gather and update new specifications for the roof repairs and will have to resubmit for approval. They will then start receiving bids again. It is estimated that repairs will begin between April 1 to 15.

LETTER FROM MARK GARVEY, DISTRICT SANITATION, TULSA CITY-COUNTY HEALTH
 DEPARTMENT

MARCH 8, 1990.

Mr. RALPH JONES,
Ralph Jones Co., Inc.-Realtor.
 5801 E. 41st St., Suite 600, Tulsa, OK

DEAR MR. JONES: The seven active complaints regarding the Morning Star Apartments still on file with the Health Department have been updated. Six apartment units received follow-up inspections on March 5, 1990, four of which were closed out. The three remaining complaints, all concerning roof leaks, are Apartments 2123D, 2127C and 2203D. The tenant in Apartment 2127C stated she is not willing to move. Miss Miller in Apartment 2203D stated she would relocate to a downstairs apartment. According to maintenance, Apartment 2123D has been repaired. The tenant was not home for verification during this inspection.

These complaints will also be closed with no need for future follow-ups. However, new complaints will be investigated if requested.

At this time, I would like to express my appreciation in the cooperation and quick response of Mr. Holmes and his staff in handling these complaints.

If I can be of further assistance, please feel free to call me.

Sincerely,

MARK GARVEY,
 District Sanitarian.

Mr. JONES. Many other recommended actions of the management plan are in progress. In a very short time, a lot of progress has been made with the efforts of many people. I want to summarize a few of these accomplishments that clearly mark the direction of movement and the momentum and synergy of the collective efforts in place.

The Tulsa office of HUD is in control of the complexes, under the direction of Mr. Gardner. I cannot say enough about his talents. Mr. Gardner has demonstrated to everyone his heart for the people and his skill in bringing people together that are involved in this deal and getting us all moved in the same direction. Mr. Gardner works longer and harder than anyone else I have seen involved and has certainly made me believe that he knows where he is going and motivates me to want to go along.

The Tulsa Police Department has full responsibility for security at the complexes today. The incidence of crime has gone way down, as you have heard here today. Lawbreakers are put in jail. At the same time, officers have created an atmosphere of friendliness and a feeling of security for residents.

Together, Police and Fire Commissioner Bob Dick, Chief Drew Diamond, Maj. Carolyn Robinson, Maj. Charlie Jackson, Sgt. Rob Turner, and foot patrol officers of the Tulsa Police Department have instituted the concept of community-based policing that will become a model for law enforcement across the Nation, I believe.

Project Renovation is underway and is picking up steam. The budgets for the management plans have been approved. Roof replacement, as you have heard today, will begin within 30 days with all other work to follow.

The playgrounds have been repaired and children are playing there again. Boy Scout troops have been formed and they are meeting on the projects. The same is true for the Girl Scout troops. We have formed two city league softball teams for the 12 and under children, and they have started. We have bought uniforms for them, and we are going to play. We have also formed two city league boys baseball teams 12 and under. They have started; we have bought their uniforms; and they are going to play as well.

I have staff members that are currently coaching teams, leading scout troops, and they will continue to do so until permanent leaders can be found. We are beginning an after-school tutoring program for the children at Morning Star and Vernon Manor.

We held a week-long observance of Black Heritage Week at Vernon Manor. We rented a TV, VCR, showed movies to the kids, popcorn and Cokes. Senior citizens watched movies, listened to speakers. I can say to you, Senator, there are more agencies involved in working together at this time than any that I can remember before.

In summary, the restoration of Morning Star Village and Vernon Manor Apartments as vibrant and productive living environments is well on the way. I hope we can have another hearing such as this in 6 months and in 1 year. The hearings should sound more like celebrations.

The past is past. I understand that Government must continue on a parallel course to make sure that the rules of ownership never permit this to happen again. However, from this point forward, those of us who are involved at the project level are free from all of that now to concentrate on accomplishing our own victory.

Thank you.

Senator NICKLES. Thank you very much, Mr. Jones.

[The statement follows:]

STATEMENT OF RALPH L. JONES, JR.

Ralph L. Jones Company began its assignment for property management services on behalf of the U.S. Department of HUD on January 22, 1990. Our contract is an interim contract until a permanent contract is let, sometime later this month.

The first task to be completed by a management company beginning a new assignment is the inspection of the property. The purpose of this inspection is to quickly determine the overall condition of the property and identify currently existing or potential emergency conditions that must be addressed. This inspection was com-

pleted during the week of January 22, 1990 by Ralph L. Jones Company staff and staff from the Tulsa office of HUD. The results of this inspection were:

For many years maintenance has been deferred resulting in extreme and rapid deterioration.

Occupancy at Vernon Manor and Morning Star Apartments is 48 percent and 30 percent, respectfully. Vacant units are boarded up creating a ghastly look about the property.

Occupied units were posing a vast array of health and safety problems including roof leaks, damaged and broken windows, inadequate plumbing and sewer, inoperative or unsafe heating systems and many other violations of safe and sanitary housing standards as defined by HUD and the local County Health Department. I am providing, today, the information given to Ralph L. Jones Company by the Tulsa City/County Health Department January 23rd of this year. An order had been issued to either correct the violations of health and safety codes immediately or face closure of the property.

The deferred maintenance found at Morning Star and Vernon Manor did not occur over a short period of time. Years of neglect could be seen in exterior building maintenance, grounds maintenance, and interior apartment maintenance. The downward spiral that is created by neglect and abuse has resulted in complex vacancy figures five to seven times the average in Tulsa. Comparable Section 8 housing in Tulsa can be found with occupancy in excess of 90 percent with waiting lists for residency of nine months or longer.

In any apartment complex, deferred maintenance and rapid deterioration will cause occupancy to fall creating a void. Inevitably, something will fill that void. In the case of Vernon Manor and Morning Star the void was filled by an element of unlawful activity with drug distribution at the center of the problem.

During the past few months, I have heard many suggestions that the "Drug Gangs" came into Morning Star and Vernon Manor, resulting in the condition of the complexes as they are today. I do not believe this to be true. On the contrary, the evidence, and my experience, is that the failing conditions of property and inattentive management attracts an element of people who thrive in such conditions of decay.

Throughout our cities, examples can be found of rundown houses and vacant property being converted to use by drug dealers. One can also see in the news everyday the lavish lifestyles, confiscated by the law enforcement, where drug dealers once lived in beautiful neighborhoods. Drug dealers never seem to tear up their own homes, and likewise, never are they seen to contribute in a positive way to the areas where their distribution is centered.

Any written description of the living conditions at Vernon Manor and Morning Star fails to communicate the true picture. To properly document conditions, the U.S. Department of HUD has photographed and video taped living conditions at the complexes.

Fortunately, the slide toward economic and physical obsolescence was halted at Vernon Manor and Morning Star. A brave group of residents and community leaders emerged and began to fight back. Residents organized themselves, and their cry was heard. In a bold and absolutely necessary move, HUD took over these properties from previous ownership.

Many changes have taken place since August of 1989. Many many more will happen this year. The following agencies, groups, and associations participated in the drafting of a road map for improvement: the local office of HUD; the Tulsa Police Department; the Tulsa City/County Health Department; the Tulsa Community Action Agency; the Vernon Manor and Morning Star Resident Association and their Advisers.

This road map has taken shape in the form of a management plan submitted by Ralph L. Jones Company acting as the collection point for ideas, goals and challenges adopted by participants. Hours upon hours have been given by the groups mentioned. Without their help, no management company could succeed. With their help, we will not fail.

Senator, I have filed with your office a copy of the management plan for Vernon Manor and Morning Star Apartments, and I would like them included in the record of this hearing.

I would also ask to be included in the record a letter from Mr. Mark Garvey, District Sanitarian, Tulsa City County Health Department. This letter indicates that of seventy occupied units at Morning Star Apartments, only two units have files remaining open for follow-up inspections. These are due to roof leaks. All other units meet City-County health standards.

Many other recommended actions of the management plan are in progress. In a very short time, a lot of progress has been made with the efforts of many people.

I want to summarize a few accomplishments that clearly mark the direction of movement and the momentum and synergy of the collective efforts in place.

The Tulsa office of HUD is in control of the complexes, under the direction of Mr. Roy Gardner. I cannot say enough about the talents of this man. Mr. Gardner has demonstrated to everyone his heart for people and his skill in bringing together the "players" in this deal and getting everyone moving in the same direction. Mr. Gardner works longer and harder than anyone else. Mr. Gardner has certainly made me believe he knows where he is going and motivates me to want to go along.

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Thank you.

Senator NICKLES. Major Jackson?

STATEMENT OF CHARLIE JACKSON, MAJOR, TULSA POLICE DEPARTMENT

Mr. JACKSON. Senator Nickles, we want to address, I guess, basically the drug problem, would be our main concern, I think, in the area, would be with the drug problem and probably just echo, I think, many things that—in reviewing my statement, that have already been said here today. But it is short, so I will go ahead and run through it.

The drug problem of public housing became pronounced with the advent of crack cocaine in Tulsa during the latter part of 1986. The problem was one of street dealing within the complexes and the complaints from the residents were that the dealers did not live there.

The residents were reluctant to assist the police in the identification of drug dealers, because they were often subjected to violent acts if they were suspected of helping the police in any way. These violent acts ranged from breaking windows out of their apartments to kicking their doors in to personal physical assaults.

In an effort to identify the drug dealers, the police department initiated a pilot foot patrol program in Morning Star and Comanche Park in the summer of 1987. During this time, the foot patrol officers initiated 255 arrests, served 212 warrants, issued 331 citations, handled 141 calls, and made 1,866 citizen contacts. The persons identified in these contacts were typically Tulsa residents but not residents of either complex. Many of the contacts were juvenile males.

As a result of this pilot program, as soon as manpower levels allowed, the Department placed full-time foot patrols in five complexes experiencing this type of activity. Morning Star and Vernon Manor were two of these complexes. Since implementation of the foot patrol program, most street dealing has disappeared from the complexes, along with the violence that accompanied it.

The disappearance of these overt activities does not imply that all drug dealing is absent from the complexes. However, most of the remaining drug activity is indoors and does not impact quality of life issues as the outward street dealing phenomenon. These covert activities require a different investigative approach properly handled by undercover officers.

By the spring of 1989—I might add that the foot patrol in these two complexes was started in October 1988 and by the spring of 1989, violent crimes had decreased in Vernon Manor by 30 percent and in Morning Star by 18 percent, and this trend continues today.

[The statement follows:]

STATEMENT OF MAJ. CHARLIE JACKSON

The drug problem in public housing became pronounced with the advent of crack cocaine during the latter part of 1986. The problem was one of street dealing within the complexes and the complaints from the residents were that the dealers did not live there. The residents were reluctant to assist the police in the identification of drug dealers because they were often subjected to violent acts if they were suspected of helping the police in any way. These violent acts ranged from breaking windows out of their apartments to kicking their doors in to personal physical assaults.

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By the spring of 1989, violent crimes had decreased in Vernon Manor by 30 percent and in Morning Star by 18 percent. This trend continues today.

Senator NICKLES. Major Jackson, thank you very much. When you are talking about violent crimes, you are talking about drugs, murder, rapes, things like that.

Mr. JACKSON. Violent crimes would be assaults and that type—not necessarily the drugs. Drugs would be a major crime, but violent crime would be assaults and robberies, murder or anything like that. Yes, sir.

Senator NICKLES. Those are down by 30 percent and 18 percent?

Mr. JACKSON. Yes, sir.

Senator NICKLES. Does that mean there is still quite a bit of it there?

Mr. JACKSON. There is some—I don't have the exact numbers. This was pulled off a drug problem inventory that we had done in the spring of 1989, so I don't have the exact numbers with me. We still are dealing with, you know, some violent crimes in these areas. We still have the foot patrol officers that we have assigned there for 8 hours a day, and then we have the security officers there for an additional 8 hours a day, or 16 hours a day.

Senator NICKLES. I want to compliment the Tulsa police force and particularly—I guess it is foot soldiers or officers that were there or possibly they were just patrolling officers that I was with on two or three occasions. Once, I just had the occasion of observing, and not only were they providing security, they had a good rapport with a lot of the people in the complexes, and I was impressed, and they knew a lot of the youngsters by their names, and I was impressed by that, too.

So I think they are really to be commended in that. Particularly, I want to say a year ago, that wasn't an easy job; it certainly wasn't a safe job.

Mr. JACKSON. We thank you for your comments, Senator. That is part of, I think I heard mentioned here today, our community order and policing project, and with the foot patrol officers, that is part of their job or intent in going into the complexes, that they would help the residents there, because we really feel that, you know, most of the problems that were occurring that we have been able to identify, especially with the violence and the drug dealing, were from outside people.

I think in being able to go in and identify who those residents are has enabled us to better deal with the ones who were causing the problems.

Senator NICKLES. I can remember significant differences in two of my visits. I remember the first time driving in an unmarked police car, having officers point out different individuals that they thought were in the drug traffic, and saying, this person is from Kansas City; this person is into cocaine; this person is into crack; or this person is in marijuana. They had sketches or profiles, and all of a sudden, when we drive in, unmarked police car, you could see people start scattering.

Several months ago, I remember going in and seeing officers on foot patrol and calling the residents by name, and there were kids playing. It was a different environment entirely as far as that was concerned, and I was impressed with the improvement.

I remember, too, one of the officers telling me not to go in some of these units. I said, well, I want to go in and talk to some of the tenants. They said, well, Senator, you don't want to do that. So I think there has been significant improvement, and I compliment you and the police officers and the tenants and everybody working together.

So I think that is a good step. I am not going to say you are ever going to—you know, some people say, well, we are going to—well, President Bush said, we are going to win the war against drugs. I

don't think—I wish that was the case. I don't think that would be the case. I think we are going to have a drug problem 10 years from now and 20 years from now. I just hope it will be diminished very significantly.

I don't think you are going to be able to totally eliminate the drugs in these complexes. I wish we could. I wish we could totally eliminate them in our schools. I don't think that is going to happen either, but hopefully we can decrease it to such an extent that it is not a prevalent problem for most of the youngsters, most of the kids. I think the police department has done a very commendable job, and I wish you and your officers success in doing that.

Mr. Jones, you have had management now for, what, 2 months?

Mr. JONES. Just under.

Senator NICKLES. A little less than 2 months? You are talking about a pretty ambitious plan as far as fixing the roofs and fixing—maintaining the apartments. Is it the plan to fix up 100 percent of the units in both complexes?

Mr. JONES. The plans differ slightly in that respect. Morning Star is currently a 196-unit complex. We will begin immediately on the renovation of 148 of those units. The remainder of the units, HUD will make a decision on as the others are completed and the need is determined for the level of housing in that area. HUD requirements are that we not renovate units for which there is no need for residency.

The Vernon Manor plan, since it is already 50 percent occupied, does call for the renovation of all of the units and replacement of all of the roofs in that project.

Senator NICKLES. I am not trying to second-guess you, but, again, if you only have 30 percent occupancy in Morning Star, that means you have 70 units that are occupied.

Mr. JONES. That is correct.

Senator NICKLES. You are going to renovate twice as many, 148, so you are going—

Mr. JONES. That would include the 70 that are currently occupied.

Senator NICKLES. I understand. But, still, that is 78 that are not occupied, so you are going to spend lots of money. Do you have an estimate on per unit cost of renovation?

Mr. JONES. Yes, sir; we have estimated, depending on the severity of the deterioration of the unit, between \$3,000 and \$4,000 a unit.

Senator NICKLES. For the 148 units?

Mr. JONES. That is correct.

Senator NICKLES. So you are talking about \$450,000, something like that.

Mr. JONES. In that neighborhood.

Senator NICKLES. Morning Star, and you are going to renovate all 196 at the other, so you are talking about a little less than \$600,000.

Mr. JONES. That is correct.

Senator NICKLES. So you are going to spend about \$1.1 million?

Mr. JONES. That is correct.

Senator NICKLES. Again, my concern is that I don't want to find us in a situation where we pour in \$1 or \$2 million, and I could see

how you could spend \$1 or \$2 million pretty easily. Frankly, if you can renovate these for \$3,000 each, I am going to be impressed.

Mr. JONES. Good. I will appreciate that.

[Applause.]

Senator NICKLES. You are getting some good deals if you can do that. I am not sure you can.

My concern is that you will end up putting in several million dollars, and then—or let me just put it like this. I would hate to see us put in several million dollars and then find ourselves in the same scenario 3 years from now. I don't want to pour in \$20,000 or \$15,000 or whatever in these units, and then come back in 4 or 5 years and find out, hey, they are run down again and the doors are kicked in again or whatever, leaky roofs and see them destroyed.

This one apartment or house, I guess, this woman and her family in Washington, DC, they put in \$40,000, and that was within a short period of time. I want to say a couple of years, maybe 2 or 3 years, and it is totally gone, totally wasted, and I just hope that that is not the case.

So maybe I have more of a conservative aspect. I was thinking of fixing up those units where you had tenants, maybe not fixing up all of them. I understand what Mr. Gardner said. You can't fix—you know, if you have a multifamily complex, you are not going to fix the roofs. I can see blocking off and doing different segments.

But I am not going to second-guess your work, and I am not going to micromanage it. That is not my purpose. I am not in that business. I just have a concern for the taxpayers and the fact that I don't want to pour in a couple million more dollars and end up finding ourselves in the same deplorable condition a few years from now.

Mr. JONES. I share that concern, Senator, and I will tell you frankly that it is not just in your sector of the multifamily housing does this happen, but also in the private sector as well. I think what we are really talking about when all of these concerns are voiced is whether or not somebody from the Government is going to watch the shop.

You can't spend the kind of money that we are talking about spending, and as your report from 1980 indicated, there has just not been a great deal of oversight from whomever it may have been from.

Senator NICKLES. True.

Mr. JONES. I have enjoyed your comments here this morning, that it appears that there is plenty of blame to spread around all over the place as to how this happened, and I think when I closed my remarks in saying that I understand that you guys are going to have to go on and work on the what happened and make sure it doesn't happen again.

I have been really encouraged during the 2 months that I have been involved, not only with Mr. Gardner's level of involvement, but with that of his staff as well. They have made repeated visits to the property. It is obviously easier for them to do, you know, looking at Tulsa property with a Tulsa office.

Senator NICKLES. Sure.

Mr. JONES. They have called my office on no less than two occasions in 7 weeks and said, by the way, we are going to the projects

to do an inspection. I said, when would you like to set that up? They said, we would like to meet you there in 30 minutes. Those kinds of inspections are the kinds of inspections that need to happen, whether it is my management company or any other in the future, and whether it is a Tulsa complex or Cincinnati, OH. That kind of involvement by HUD will stop the abuses by management companies that have gone over, apparently undetected and unnoticed.

I could not agree with you more when I hear that, you know, inspections were made during 1986—or 1985, 1986, 1987 or which 3-year period it was that I heard in the very first panel, and those inspections were marked as satisfactory. You would have to be living on another planet to not know what has been going on in Morning Star and Vernon Manor in our city. I was born and raised here. I have known of this problem for a long time, as I am sure your office has.

You know, they have not only got to be done, but they have got to be honest inspections about what is going on, and have the tenant involvement that I am delighted to say that we have now.

Senator NICKLES. Good. Well, I appreciate that, and I appreciate the input from all of our panelists today. I hope that we will be able to use this and committee staff will be able to use this, because we have the same problems, even to a more significant degree in cities all across the country. Washington, DC, is now known as the murder capital of the world, you know. It is really bad in some of these units, and a lot of the crime really does focus or center in some of the public housing units.

I know I share a desire with a lot of my colleagues on the staff and particularly Senator Mikulski and others, we want to clean that up. We want to change it, and I think Tulsa has been very aggressive with HUD now taking over management of the units.

It is interesting. HUD has done the same thing in Washington, DC, on some of these units with the same owners. They have basically stopped the section 8 payments to the management companies and have taken them over. Frankly, I don't want HUD taking over all the units. I want taxpayers to get their moneys' worth. I want tenants to live in better housing conditions. I want to get the drugs out. So I hope that happens.

Major Jackson, one final question. You mentioned in passing, I remember talking to tenants, and they said they were concerned. They didn't want to talk to police for a while, because they were afraid somebody would come in and break their windows or kick their doors down or scratch their car or do different things like that if they did cooperate. At one time, you were talking about phones and talking about fencing and different things.

Has that—is intimidation, fear of reprisals, is that still as great a factor as it used to be?

Mr. JACKSON. I don't believe it is as great a factor as it used to be. I certainly wouldn't say that it is totally gone. I am sure there are still residents who feel intimidation. One of the things that has gained and helped us, I think, is this rapport that you had mentioned, where there is at least some free speech or speaking between us and the tenants when we are in there, that we seem to

know them, and it is common for us to be speaking to people in the complexes.

I think when we first started in the apartment complexes that there was a feeling if they were seen talking to us and then if someone got arrested for drugs, that there might be retaliation toward them, where now it is much more common for people to see them talking to the police officers. They understand who the officers are. I think and hope most of the tenants know the officers by their first name, and, therefore, that has really helped us, because just because you are talking to an officer doesn't necessarily mean you are giving them information about some drug dealers.

As we have mentioned earlier about the drug dealings, now we have kind of pushed back into the apartment complexes. As you mentioned earlier about doing away with drug dealings, these drug dealers that we identified to you earlier, we probably can still go to some other places and show you where they may be staying in there now.

We try to move and work on them in those locations, so it is kind of a never-ending thing for us, to keep working on them, and eventually, I think as we have seen recently with some indictments, we get them put in jail, and we are trying to give them that message, that, you know, it may take us a little time, but we will get them.

But that rapport has been one of our—I think or hope one of our big accomplishments, and it was gained both through the foot patrol and I might even add in 1987 when we started with the horse patrol, when it started in that area, that it gave the—you know, maybe for Washington it might be the horses in the area or something that gave us something common to deal with there, that everybody enjoyed.

Senator NICKLES. Is crack a growing problem in Tulsa, or has it slowed down now, or—

Mr. JACKSON. I don't think I would say that it has slowed down. Obviously taking some of the street dealers off, we have mentioned that we had the foot patrol, put it in the foot patrol in October 1989 or October 1988 in the five apartment complexes. We have also added a sixth foot patrol unit now that works in two other areas of town. One of them is an apartment complex, and one of them is more of a residential apartment area, that is not just a complex of its own.

We feel like we are able to stop some of the street dealing as such. It is still as much of a problem, I think, in a lot of housing. We have pushed it more inside and it becomes a little different method for us to get to it, but I think there is still a good quantity of it here. Yes.

Senator NICKLES. You mentioned or somebody mentioned the possibility of gangs. I remember visiting the units and seeing, what, the Bloods and the Crypts. Is there another group? Those are the two that are coming to mind. Had graffiti all over the walls and stuff like that.

Are there organized crimes or is that youngsters picking up names and scribbling on a wall, or, you know, is there actually part of major gang crime affiliated with L.A. or some other big cities that infiltrated Tulsa?

Mr. JACKSON. I think obviously that probably depends on who you might ask. I think from our standpoint and what, I guess, I was trying to show in our report is the drug dealers that we have dealt with here, we find most of them—we have just recently done some Federal indictments. We find those drug dealers to be Tulsa residents. Some of them may have lived in California at one time, but they are living in Tulsa, and they are residents here.

They have connections to buy their drugs. I mean, to us to say that these might be L.A. gang members, you know, we could draw that one step forward and say that they might be Colombian drug gangs, because the drugs originally usually come from Colombia. They come then in to L.A., Houston, other locations, and then that is—more often than not, that is the pattern they follow to get into Tulsa.

So, yes, the people in Tulsa do buy their drugs many times from California, from L.A., but we don't see any organized gangs as known in L.A. as the Crypts and the Bloods. Yes; there are some writings on the walls that occur here. I think that is more than it makes you look big and look tough and makes your drug sell.

We find that there are some organizations within some of the drug dealers, but more often than not, that is a profit-type thing that if I can make money with you in selling drugs, then I am going to be associated with you. If tomorrow I find that I can make more money dealing drugs with Joe next door over here, then I am going to go deal drugs with him, and I guess if he wants to say we are a different name, then that is what we will go by.

That is not the type of gang dealings that you would find in L.A. where they have very, I think, much more stricter gangs there and organizations and leadership and deal within certain areas and have better control of it.

We have—you know, like I said, I think what we are seeing here with those are really drug dealing individuals, and we have some organization in that. We have some other problems maybe in the Tulsa area, not necessarily in these apartment complexes, where we may have some territorial type things, but generally they are younger kids, and, yes, they do use violence sometimes involved with those.

But we don't see in our drug dealings here that we have any real connection with any of the L.A. gangs per se. This is a connection of buying narcotics from L.A., Houston, you know, Albuquerque, wherever it might come from, but not from the gangs.

Senator NICKLES. I mentioned Washington, DC, having such a high murder rate and a very high percentage of that is drug related and gang drug related, fighting for territories, fighting, you know, retaliation or whatever. It is a real battlefield, and lots of people are losing their lives, and I hope that it doesn't extend this far, although I would almost guess that there is some kind of connection for getting the drugs here that has an international connection to some extent.

Maybe it is because it goes to Colombia, then L.A. Or maybe it is Colombia to Miami or wherever; it runs through Bermuda or something, gets to Miami and ends up in Oklahoma. But there is a massive amount of networking, I guess, in moving those drugs—par-

ticularly crack, and crack is such an addictive drug that, you know, it is really scary.

I am going to say 2 or 3 years ago when I was talking to the police, they were saying, well, we didn't have it quite so bad here; it was mostly on the coast. But I think it is pretty prevalent all across the country now.

Mr. JACKSON. I would agree. It is prevalent all over the country. I still would say that we don't have it—you know, obviously I think you can look at—having lived in Washington, DC, and you can see the reports from California; you can see some of the activities there, and we do not have it nearly as bad here.

I have spoken with officers from L.A., from Aurora, CO, that have come in down here, and they have looked at what we are doing with our community-oriented policing, and they have looked at our apartment complexes that we are working with foot patrols, and they readily agree that they see no evidence here of what they identify out there as these type of gangs.

Aurora, CO, says they have a real problem from some of the gang members from California and other places, maybe moving in and coming into their areas, and they readily agreed, even from the signs on the wall, that that is not the way these gang members write and sign their names on the walls and mark the territory. These are more graffiti-type things where people have just written those names on the wall.

So we feel like—and even in Los Angeles, I know they have a homicide unit that handles gang murders. That is all they handle, is a homicide unit just for that, where in Tulsa, you know, we have some assaults; we have shootings once in a while; we have two officers that work out of my division that try to handle any special investigations we might have toward that, but generally a lot of times they are handling simple assaults.

Even though they are sometimes, sometimes they might be involved in a shooting or something like that that they will do follow-up on, but, you know, ours is more just dealing with the drug war, dealing with the drug dealers and where they might get their drugs from than it is any type of a gang activity or anything like that.

Senator NICKLES. I appreciate your efforts.

Mr. Gardner, do you have anything you want to add?

Mr. GARDNER. Yes; I want to make a comment, Senator, to clarify the reference book that we—that Jim Goodwin has put together. I am going to tell you that within the last 2 months, with all the various meetings that have taken place and bringing together all the entities that are working toward this, it could not have been done without the help of Jim Goodwin.

He has put I don't know how many hours in, and at a lawyer's fee, I don't know what it would amount to. But he asked for some help in putting that together, and so far the Government has put in \$80, and even if it were worthless, I think it is worth \$80.

Senator NICKLES. Well, I appreciate that, and, again, I hope Jim caught my comment, that I wasn't trying to be derogatory in anything that he was doing in connection with the tenants. I applaud that. I might question the sincerity of Mr. Rosette's efforts toward the tenants for past occurrences, I guess. I will leave it at that, and

this hearing is not on Mr. Rosette, so I am not going to pull that up.

But I appreciate your saying that, and I will be happy to review—I will personally be happy to review the information in that booklet, so——

Mr. GARDNER. I think it is meant to be more of a reference than it is to be read.

Senator NICKLES. OK. I appreciate that. My primary goal is to assist in those units, save taxpayers some money, help eliminate the crime problems and help the tenants live in a better living environment. But I want to make it nationwide. I mean, this is not a State hearing; this is a national hearing, and we are interested in cleaning up these problems in the District of Columbia and Baltimore and Los Angeles and, you know, St. Louis, and probably any of us who have traveled in any city have driven by some of these units, and say, my land, that looks like a disaster area. So what can we do?

So I am very much interested, Mr. Gardner, particularly in your input, and you have been very helpful to us, and others of our panel, Mr. Jones and others, to assist; when you see some things that are working and are good ideas, to let us know, and if we can make a greater application on that nationwide, instead of helping several hundred people, if we can make that help several thousands of people, that is really my interest, and if we can save the Government a lot of money in the process, let's do that at the same time.

To all of our panelists, I am most appreciative of your taking your time, Mr. Gardner, particularly you taking your birthday, your 49th birthday you told me——

Mr. GARDNER. Just 68.

CONCLUSION OF HEARING

Senator NICKLES. You are great to give us your morning. I appreciate it, and for all of us, thank you very much for participating in the hearing.

Thank you.

[Whereupon, at 11:25 a.m., Thursday, March 15, the hearing was concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

